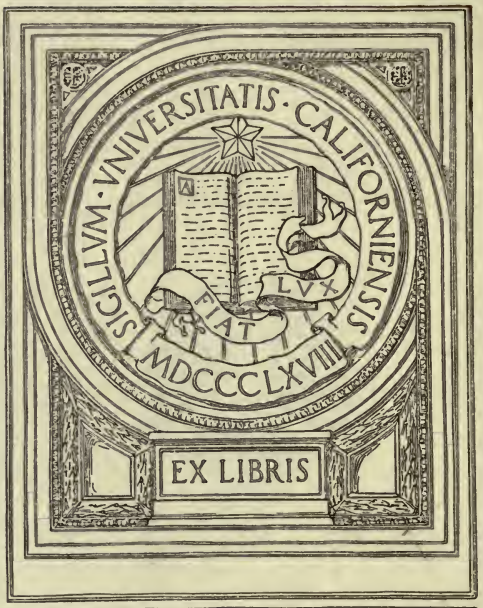
# UNSEEN FOUNDATIONS OF SOCIETY


SIGILLVM · VNIVERSITATIS · CALIFORNIENSIS
LVX
FIAT
MDCCCLXVIII
EX LIBRIS

# THE UNSEEN FOUNDATIONS OF SOCIETY.

# THE UNSEEN FOUNDATIONS OF SOCIETY

AN EXAMINATION OF THE FALLACIES AND FAILURES OF ECONOMIC SCIENCE DUE TO NEGLECTED ELEMENTS.

BY THE

DUKE OF ARGYLL, K.G., K.T.

*THIRD EDITION.*

LONDON:

JOHN MURRAY, ALBEMARLE STREET,

1893.

HB171
A76
1893

UNIV. OF
CALIFORNIA

LONDON:
PRINTED BY WILLIAM CLOWES AND SONS, LIMITED,
STAMFORD STREET AND CHARING CROSS

# PREFACE.

If a book does not make its own scope and purpose plain in the course of some six hundred pages, its author need not try to make them plainer in a preface. There is, however, even in the exact sciences, an element known as "the personal equation," which has always to be taken into account; and this it is the business of every writer—even at the risk of some apparent egotism—to supply to those who read him. He can best do so by giving some indication of the direction from which he comes, and of the avenues of approach along which he has been led in dealing with his subject. Our reasoning may be the purest logic, and our opinions may be the plainest truth, and yet it may always be relevant to explain how we have come to hold them. I may say, therefore, at once that the views on economic science which are set forth in this volume, have been derived almost entirely from the observation of facts in the business transactions of life, and from an habitual tendency to compare these with the theoretical teaching of speculative writers. Only very slowly, and with great surprise, were my eyes opened to wide and unexplained discrepancies. I have been hardly at all influenced

899544

by political party ties. Although not only born of a Whig family, but representing the one particular family in connection with whose proceedings the very name of Whig is said to have originated in Scotland, I, nevertheless, began life with an aversion, almost an antipathy, to the Whig party. This was due to a very early familiarity with the life and speeches of the younger Pitt, whom I regarded, and do still regard, as, on the whole, by far the noblest figure in our political history. Few things have given me greater pleasure in recent years than the spirited and truthful vindication of that great man—all too short as it is—which we owe to Lord Rosebery. The passionate opposition with which the Whigs encountered every proposal of Mr. Pitt, whether in the direction of Free Trade with Ireland, or of more intimate commercial relations with France, or in the direction of national defence against a tremendous danger to England and to the world, I regarded, and do still regard as having been factious and unpatriotic. In my own time, the position of the Whigs for some years before their fall in 1841, was hardly one of increasing credit. The splendid services they had rendered under Earl Grey, and Lord John Russell, had been half forgotten in the rise of new demands. The circumstances under which—at the last moment—they joined in the movement against the Corn Laws, —too obviously playing it as a card in a critical general election,—did not tend to remove my dislike of those who represented, in name at least, the party and the policy of Fox. The speeches of his nobler rival were, however, an excellent introduction to the questions then coming up in the new political horizon.

The influence which had been exercised on the mind of Mr. Pitt by the writings of Adam Smith, is well known. The famous speech in February 1785, on his proposals for Free Trade with Ireland—badly as that speech has been reported—is full of sentences inspired by the spirit and the doctrines of the illustrious Scotch Economist. There was, however, a wide margin in his case between the intellectual perception of great general principles, and the possibilities which were open to him in the direction of their full practical application. He was forced by the almost universal state of public sentiment in England, to make large concessions to the policy of Protection, and in some passages his language is emphatic in disclaiming any abandonment of that policy as regarded the competition of foreign countries, or as regarded the special favour which was then always held to be due to our own colonies. The imperative necessities of a long and arduous war displaced altogether from politics, for many years, any question of applying the doctrines of Adam Smith to a reform of our fiscal or commercial system ; and when peace came at last, it came with circumstances of alarm from falling values which gave a new and firmer hold than ever to the antagonistic doctrines of Protection. Even men who, like Earl Grey, opposed the stringent Corn Law of 1815, became reconciled to its operation, and were long blind to its economic effects. Moreover, when the principles of Free Trade began to be advocated again, they were advocated by Ricardo on the avowed ground that cheap food would result in cheap wages, and that by this process alone could the manufacturing and trading classes

make a profit. The question of Free Trade in corn was never for a moment entertained by the Cabinet of Lord Grey, and one of my earliest recollections is the once-famous saying of his successor, Lord Melbourne, that anyone who contemplated such a measure would be the "maddest man in England."

This was the phase of thought which held the field when my own interest in political affairs began—some fifty-three years ago—and it was the phase of thought which continued to prevail until Cobden began to teach a sounder doctrine. Even his language did not always redeem the controversy from the impression which had long been firmly established by the doctrine of Ricardo, that the contest in favour of free imports of corn was a contest in the interests of manufacturing capitalists alone, to the damage or ruin of agriculture at home, and with no ultimate benefit even to the factory worker. In a most candid passage of a speech quoted by his distinguished biographer, Mr. Morley,* Cobden confessed that most of his party had "entered upon this struggle with the belief that we had some distinct class-interest in the question." On the other hand, Mr. Morley tells us, and I believe with perfect truth, that the question which Cobden and his friends kept constantly asking was—How wages could be kept up, with a population increasing at the rate of a thousand a day? This was an entirely new departure from the line taken by Ricardo, whose very different question always was—How can wages be kept down to rates compatible with profits? But this new departure did not come out clearly at first, and even to the last it was constantly

* Morley's 'Life of Cobden,' vol. i., p. 141.

obscured by language and accusations against the agricultural classes, which were certainly unjust, considering the long hold which Protectionism had, and still has, upon all classes in their turn.

My own education on the subject began with the circumstances which brought about the memorable conversion of Sir Robert Peel. I was a constant and attentive listener, under the gallery of the House of Commons, to the great debates which preceded and followed his attainment of power in 1841. I could not but observe the very careful and guarded terms in which he handled the abstract doctrine of Protectionism—the large admissions he made, and the direction which his opinions were evidently taking in the line of retreat, with the inevitable result of complete abandonment. When the crash of the potato famine came, I had personal and painful experience of the economic lessons to be learnt from all its causes, and from all its results. I had to deal with a large population on some parts of my own property, many of whom were in danger of starvation. It was only by heavy outlays both on emigration and on agricultural works, that the danger was removed and a happier condition of things was at last established. I became a convinced Free Trader. But it was in Free Trade in all its completeness that I alone believed. Free Trade in the products of the soil could not be met except by Free Trade also in land itself, and by conducting agriculture and land-owning as a business, on the same conditions on which other businesses are conducted when open to competition. The doctrine of Burke, often praised by Cobden, and since epitomised by Mr. Morley, seemed to me the only sound

doctrine—namely this, that it is a "futile and mischievous system to deal with agriculture as if it were different from any other branch of commerce."* It seemed evident to me that the battle of open competition with the foreigner in our own markets, could not be fought unless the skill, capital, and enterprise of our own people had access equally free to the employment of all these resources upon farms adequately equipped for them, and thrown open to the choice of the fittest men on such terms as they might freely offer. Thrift in personal expenditure,—large outlays on the permanent improvements of land,—perfect freedom of contract in the selection of men who were most capable of turning those equipments to good account,—the abandonment of antiquated customs,—the introduction of new minds and new skill,—the adoption of new methods—these, and these alone, were obviously the only possible conditions of success. In some places small agricultural holdings which were dangerously subdivided were enlarged as opportunities arose. Elsewhere, substantial farms had to be provided at great cost, with new houses, fences, and drains. Acting on these principles, in the course of years, gradually but surely, I have had the satisfaction of seeing some large populations, and some wide areas of country assume altogether a new face.

In public life, with much of what my late relative and colleague Lord Granville called "a cross-bench mind," I joined that group of statesmen who inherited the traditions of Sir Robert Peel, of which group Mr. Gladstone and myself are now the only survivors. With them I remained till we were absorbed in the

* Morley's 'Life of Cobden,' vol. i., p. 167.

Coalition Cabinet of Lord Aberdeen in 1853. Our first and special bond of union with the Whigs was resistance to any attempted return to the system of Protection. In that Cabinet I followed with hearty sympathy the brilliant prosecution of that work of Tariff-reform by Mr. Gladstone, on which he had already worked more than ten years before in the great Administration of Sir Robert Peel. But I was not then, and have never been, in anything like complete sympathy with what was called the "Manchester School." Not a few of them seemed to me to be tainted with the narrow and erroneous teaching of Ricardo, and their language too often implied the curious delusion that Protectionism was the special and the evil device of landowners. They seemed wholly forgetful of the fact that the trading and manufacturing classes had been the earliest, and for centuries continued to be the most vehement, supporters of Protection and monopolies. Again, the language of the school on war, and their complete oblivion of the great part it has played in the progress of mankind, always struck me as unnatural, and especially as unhistorical. Above all, the coldness, to say the least, with which they regarded the contest that ended in the passing of the Factory Acts, convinced me that their views of Political Economy moved within a comparatively contracted circuit of ideas. From any sympathy with this attitude of mind, I was all the more easily saved by another influence. From her earliest childhood, my wife* had known Lord Ashley, afterwards Lord Shaftesbury, and had loved his work. Her uncle, best known as Lord Morpeth,

* Elizabeth Sutherland, eldest daughter of George Granville, second Duke of Sutherland, and of Harriet Howard, his wife.

afterwards Lord Carlisle, had at one time been almost selected as the parliamentary champion of the Ten Hours Bill. Through her I enjoyed the intimate friendship of Lord Shaftesbury for forty-five years, until his death. I regard his career as the noblest I have ever personally known. Political contention has its own engrossing interests; and political ambition has its own—sometimes its more than adequate—rewards. He had political ambition. He had the connections, the position, and the powers which opened before him every opportunity of indulging it. He knew and felt its temptations. But he sacrificed it all; and he sacrificed it absolutely. His whole life was devoted, with untiring sacrifice of self, to the relief of suffering in all its forms among the industrial poor. The descriptions he often gave me of the physical condition of the Factory children when his work began, made upon my mind a deep impression. It was in writing * on the principles involved in the legislation which he did more than any other man to secure, that I first began to study closely and systematically the larger natural laws which are the only foundation for any true economic science.

Prepared, therefore, as I was to rebel against much that had been taught in the name of Political Economy, I was not prepared, I confess, for the complete breakdown of its authority which has followed in more recent years. I had accepted much of it, just as we all passively accept a great deal from recognised authorities, without any close analysis or testing thought. That process, when at last applied, soon revealed, indeed, not a few great fallacies: but it did not suggest, or

* 'Reign of Law' (J. Murray), chap. vii., "Law in Politics."

seem to justify, any violent revolution. Yet now I am not surprised by what has happened. In reading the old orthodox economists, with however little critical resistance, I had always been more or less conscious of a want—almost on every page—which, even to myself, I could hardly specify or define. They seemed to me like men always sounding in abysmal waters—always busy in recording depths—but wholly unconscious that their lead had never touched the bottom. I felt constantly as if,—down below the short limit of their line,—there were deep currents running, of which they took no note whatever. "We start, for soul is wanting there," was a line of Byron which kept constantly repeating itself in my ear. Many superficial facts were admirably observed, and a tremendous superstructure was often built upon them. Far more fundamental facts, strictly relevant and cognate, were left, because less gross and palpable, in obscurity and neglect. Ideas were involved or assumed without being ever defined, or even consciously expressed. Continually, the whole region of human nature, and of the human will, was left out of the account, or if taken into account, the shallowest motives were selected, and the most permanent and potent were forgotten. Conclusions were reached which contradicted glaringly the actual experience of life, because they were founded on abstract conceptions and propositions, which were badly abstracted, and largely composed of hollow phrases or ambiguous words. The whole system of the school of Mill and Ricardo, seemed to be an artificial world, with only a few points of contact with the world of nature and of life.

Yet in spite of this feeling, the labour of analysis on

a vast and difficult subject for a long time repelled me.

Recently, however, the discredit cast upon a science on which so much depends, and in which such large progress had been really made, has induced me to join the number of those younger writers who—some on one point, some on another—have rebelled against an authority which had been too long and too uncritically admitted. It is indeed high time. So utterly has the teaching of Political Economy broken down as a controlling, or even as a guiding, power, that its very elements, and not a few of its most certain truths, seem to have lost their hold. There are numbers of educated men, who are now more than half prepared to go back to the grossest delusions of the Dark Ages. The very idea of Natural Law as a prevailing power in human nature, and in all successful legislation, has almost disappeared in popular discussions. This is a serious condition of things. It must be wrong, and it must be dangerous. Various causes have doubtless contributed to the result—such as that impatience of any control over the human will to which we are all continually tempted—a temptation specially powerful over the multitude. But one great cause has undoubtedly been the bad teaching of economic science. Much of that teaching has raised against the science a natural, if not a just, opprobrium. Economic science, as it is too often represented, fails, on the one hand, to know its own greatness, and claims, on the other hand, to use forms of demonstration which are inapplicable to the subject—not because its truths are uncertain, but because they have an authority of another and a higher kind. The very name of

Political Economy has thus become in many minds a byeword and a reproach. Such a reaction is in all ways excessive and irrational. In these pages I have attempted to aid the many writers who are now endeavouring to rebuild a structure which has been sorely shattered. And for this purpose I have selected such fundamental elements of truth as appear to me to have been most neglected, or at least have been most inadequately handled. I may add that no part of the present volume has been before published, except a portion of the thirteenth chapter, which appeared in the 'Nineteenth Century' some years ago, and which the editor has kindly allowed me to use in its appropriate connection here.

There is only one other prefatory observation which I wish to make. I should be indeed sorry if the structure of the following argument should give rise to an erroneous impression of a more prevailing antagonism against other writers, whether of the older or of the younger school, than really attaches to my opinions. Yet such an erroneous impression may very naturally arise from the fact that the plan of the whole book tends of necessity to the selection of points of difference, and to silence on a thousand points of cordial agreement. Elements which have been neglected are its special subject. Comparatively little or no notice, therefore, is taken of elements which have not been neglected, but, on the contrary, have been adequately handled. I can sincerely say that there is hardly a single book of any note on Political Economy in which I have not found some point, or many points, well thought out, and often admirably illustrated. A reconstructive work is un-

questionably going on,—a rebuilding of the old waste places. But it is a work much beset by some new difficulties, arising out of new temptations, to some of which I have ventured to call attention in the concluding pages of the last chapter.

ARGYLL.

*Inverary, Dec. 6th*, 1892.

# CONTENTS.


## Chapter I.—THE REVOLT.

PAGE

Condemnatory Language Quoted—Vain Excuses made—Reaction Excessive—Abstractedness not in Fault—Fallacy of Mathematical Methods—Economic Laws Intuitive—The Axioms of Jevons—Contrast with True Axioms—Economic Significance of Language — Dangers of Technical Language—Examples of Technical Phrases—Alleged Ambiguity of Language — The Weapon of Analysis—True Analysis Defined—Adam Smith on Gross Sophistry—Careless Thinking . . . . . 1

## Chapter II.—A DEFINITION.

Adam Smith's Definitions—The word "Wealth"—A Definition given—The Idea of Possession—Biblical Definition—The word "Thing"—Applications Specified—Position of Money—Significance of word "Appreciate"—Nature of Value—Interdependence of Men — Exchangeability and Use — The Governing Element in Value—Functions of Demand—Ethical Limitation . 34

## Chapter III.—THE POWER OF DEFINITIONS.

Vastness of Economic Science—Bad Definitions of Wealth—A Confused Formula—Analysis of the Formula—Narrow Meaning of Labour—Capital represents Labour—An Amended Formula —Inconsistencies Exposed — Productive and Unproductive — Fawcett's Doctrine—Distribution Itself a Product—An Error of Adam Smith—Neglect of Demand—New Crop from Old Errors 65

## Chapter IV.—THE BEGINNINGS OF POSSESSION.

Suggested Questions — Exclusive Use a Necessity — Beginnings Unknown — Suggested Possibilities — The Storing Instinct— Necessary Conditions specified — Under any Alternative — Possessory Rights Universal—Inequalities of Men—Military Genius—Function of War—Survival of the Best—Perverted Instincts—A Distinction in Religions . . . . . 95

## Chapter V.—THE PROGRESS OF POSSESSION.

Possession demands Exertion—Case of the Eskimo—Possession among the Jews—The Statutes of Joshua—Tribal Insecurity— Jeremiah's Symbol of Prosperity—Property in Babylonia—Value set on Title-Deeds—Assyrian Ferocity—Destruction of Wealth—

PAGE

Mesopotamian Desolation — Insecurity the great cause — A Modern Restorer—Story of Sheikh Jeber—Right of Exclusive Use Won—Modern Forms of Property—Relation of Occupier to Owner—Property World-old and World-wide . . . . 125

Chapter VI.—THE DESTRUCTION OF WEALTH.

Wide Range of Economic Science — Property under Ancient Monarchies—Turkish and Persian Empires—Story in Book of Esdras—Philosophy of the Story—Impersonation of the State—Individuality in Commerce—Peculiarities of Egypt—Importance of Definiteness in Rents—The Great Causes of Decay—Wealth Dependent on Security — Roman Law and Utilitarianism — Bentham's Question—The Romans in England—Survival of Roman Law—Idea of Natural Law. . . . . 162

Chapter VII.—DISPOSSESSION—THE PLANTATION CENTURIES.

Northern Races no longer a Danger—Definition of Middle Ages—What the Invading Races did—A New Empire Impossible—Causes of Roman Decay—Survival of Roman Law—Possession Founded on Conquest—The Economic Function of War—Military Tenure of Property—Function of Jurisprudence—The Plantation of New Races—Influence of the Church—Power of Christian Conceptions—Universality of Military Tenure—The Feudal Organisation . . . . . 194

Chapter VIII. — POSSESSION RE-ESTABLISHED — TEUTONIC, CONTRASTED WITH CELTIC FEUDALISM.

Law of the Nations—Different Aspects of Feudalism—Functions of the Jurist—The Tribal Condition of Society—The Irish Celtic Church — Description by Montalembert — Celtic Form of Feudalism—Early Irish Charters—Subjection and Protection—Irish Exactions Unlimited—Ersified Normans in Ireland—English and Irish Civil Wars—Policy of Henry VIII.—Effect of Irish Customs . . . . . 224

Chapter IX.—POSSESSION UNDER THE NEW TENURES.

Evidence of Spenser and Davies—Secular Decline in Ireland—Policy of Plantations—Plantation of Ulster—Freedom from Irish Customs—Parallel in Scottish Highlands—Similar Reforms in Scotland—Definition of Rights—Degeneracy of the Clans—Ruinous Economic Effects—Runrig Cultivation — Rights Invisible Things—Impediments to Progress—Poverty in Scotland —Selection of Tenants—Possession Necessary for Production . 252

PAGE

Chapter X.—THE RICARDIAN THEORY OF RENT.

Attacks on Ricardo's Theory—Lame Defences—The word "Rent"—Only one Case of Hire—Other Cases of Hire—Rent is Cost of Hire—Ricardo's Analysis—Existence of Rentless Land—Forgotten Costs—An Alleged Necessity—Adverse Facts—Rent always Present—A Bad Apology for Ricardo—An Empty Truism—An Ambiguous Word—An Index not a Cause—A Fallacy Detected—Quantitative Formula—Rent not a Surplus—Impossible Suppositions—Cost of Possession Forgotten . . . 284

Chapter XI.—THE PASSAGE OF THE RICARDIAN THEORY OF RENT INTO A GENERAL THEORY OF VALUE.

Absurd Conclusions—The Theory of Anderson—Anderson's Language—Anderson's Reasoning—Anderson's Conclusion—Anderson's Conclusion Different—Cause and Effect Interchangeable—Ricardian Doctrine a Paradox—Jevons Detects the Fallacy—False Theory of Price—An Illustration—An Actual Case—An Incredible Conclusion—Extension of Ricardian Theory—Adam Smith and Ricardo—Adam Smith on Merchants—Ricardo's False Conclusions—Rent a Decreasing Proportion . . . 326

Chapter XII.—THE DEVELOPMENT OF SPECULATIVE FALLACIES.

Characteristic of Hire—Professor Jevons' Discovery—Biblical Parables—Effects of one Fallacy—"Capital-Lettered" Phrases—Downward Steps—Ricardo's Theory of Wages—Noxious Influences—Affiliated Errors . . . . . 363

Chapter XIII.—A SPECIMEN OF EVOLUTION.

A Former Argument Defended—A Coincidence—Voltaire on Communism—A New Asses' Bridge—An Absurd Conclusion—An Apparent Anomaly—The Pressure of Population—The State of California—A Question to be Asked—Proved Municipal Corruption—Profligate Doctrines—Their Applications Traced—A Quotation—An Example of Results—Repudiation of all Debts—Outlays on Soil—An Assumption Denied—Indian Population—Iniquity Unlike Absurdity . . . . . 382

Chapter XIV.—"THE WAGES FUND THEORY"

Mill's Idea—An Element of Truth—Deceptiveness of a Word—Inequality in all Exchange—Demand and Supply—Popular Delusions—"Fund" a Misleading Word—Production Composite—Sources of Employment—The Conceiving Mind—Demand Governs Wages—"Unearned" Increments—Case in Middle Ages—Value Bilateral—The True Wages Fund . . . 421

PAGE

Chapter XV.—THE UNSEEN SOURCES OF EMPLOYMENT, AND SOME SUGGESTED CONSEQUENCES.

Image of a Stream—Fountain in the Brain—Production Includes Distribution — Ethical Foundations — The word "Capital"—Bentham on Security — Operation of Insecurity — Bentham's Doctrine True—Municipal Monopolies—Selection of Errors—Teaching of Turgot—Theory of Malthus—A new Conviction—Its Hopeful Aspects—Special Causes in Ireland—Blindness of Everybody—The Irish Famine, 1847—Sensitiveness of Capital—The Standard of Life—A Suggested Question—Farther Question Put—An Unjust Aim—Effects Unseen—A Possible Reform—A Lesson to be Learnt—Futile Legislation . . . . 452

Chapter XVI.—EFFECT OF ECONOMIC LAWS ON RECENT AND EXISTING MOVEMENTS OF POPULATION.

Aggregating Causes in Population—Dispersing Causes—Example in Scotland—A False Economic Doctrine—Rural Migration in Scotland—Unexhausted Causes—Case of Irish Population—Instinctive Convictions True—Continuous Irish Emigration—One Cause Identified—Effect of Free Imports—London and other Cities—Case of New Cities . . . . . 504

Chapter XVII.—THE BEARING OF ECONOMIC FACTS ON MUNICIPAL AND OTHER LOCAL ADMINISTRATIVE BODIES.

Monopoly Defined — Property Opposed to Monopoly — Municipal Monopolies—Free-Trade Towns in Scotland—"Mere Material Wealth"—Limitation on Local Powers—Limitations on Industrial Freedom—Self-Interest a Safeguard—Human Corruption . 530

Chapter XVIII.—RELATION BETWEEN OLD AND NEW ECONOMIC FALLACIES. WHAT ECONOMIC SCIENCE IS: AND WHAT IT IS NOT. NEW DANGERS.

Medieval Legislation — Principle of Truck Acts — Bentham on Limited Liability—Results of Limited Liability—The Law of Organisms—What Science Demands—Benevolence not Excluded — Protective Tariffs — Exceptional Cases — Compromising Temptations—False Limitations—The Russian Famine—Nature's Only Unit — False Assumptions — A Temptation Traced—The Factory Acts—Persuasion by Truth . . . 549

INDEX . . . . . 585

THE

# UNSEEN FOUNDATIONS OF SOCIETY.

## CHAPTER I.

### THE REVOLT.

1. THE revolt which, within the present generation, has arisen against the older and long-established school of political economy, is one of the most remarkable intellectual movements of our time. I am not speaking of that coarse kind of rebellion which is common among men and nations who never have accepted its teaching, and who persevere doggedly in a policy which it condemns, but without attempting to justify themselves by any argument or any scientific defence. I am speaking of a purely intellectual revolt among men who, until lately, have been themselves, more or less, under the dominion of doctrines which they now condemn as faulty or erroneous. Sympathising in that revolt as I do to a very large extent, it is impossible not to see that there is great danger of it becoming indiscriminate and excessive. There is a tone of anger about it, on the part of some of the rebels, which sounds a note of warning. The late Professor Jevons, of London, and the late Professor Thorold Rogers, of Oxford, who were among the leaders of that revolt, never mention the older "orthodox economists" except in terms of indignation or contempt; and this feeling, within due bounds, is perfectly natural, and, may be, perfectly healthy. There is nothing more provoking than to feel that we have been long deceived—to awaken suddenly

to the fact that we have been educated to accept, as scientific truths, ideas which are altogether fallacious, and some of them even absurd. We blame ourselves, in the first place, for our own long acquiescence in them—feeling that it has been due to mere blindness in not seeing certain obvious facts, or to mere laziness of mind in not exercising upon them more independent thought. Then some natural resentment is turned against those who have so misled us. It is not pleasant to feel that, perhaps for many years, we have been submitting to mere authority, founded on nothing but a like submission on the part of others as passive and thoughtless as we ourselves have been.

2. I am bound to admit that this has been my own experience. The temper it arouses in many minds is conspicuous in the language of Professor Jevons. He almost rages against Ricardo, James Mill, John Stuart Mill, and the whole school to which they belong. He estimates the fallacies they have taught as spreading so wide, and cutting so deep, that the detection of them has reduced Economics to a mere wreck. He calls it "our shattered science." He declares that it has been "shunted into a wrong line," and that nothing can be done, no progress can be made, until the train of economic reasoning has been brought out again from the blind alleys into which those men have led it, and have left it. He speaks of the "insular narrowness" of our economic teachings. "The only hope," he says, "of attaining a true system of Economics, is to fling aside once and for ever the mazy and preposterous assumptions of the Ricardian school." Again, he describes our English economists as having "been living in a fool's paradise."* He refers with hardly-disguised contempt to those "whose economic horizon is formed by Mill and Fawcett, Ricardo, and Adam Smith." He specially denounces Ricardo as "an able but wrong-headed man, whose economic teaching has been farther urged towards confusion by his equally able and wrong-headed admirer, J. S. Mill."† Nor has this tone of general disparagement been unsupported by less vehement

* 'Theory of Political Economy.' Third Edition, 1888. Preface, xliii.
† Ibid., l.

writers, who have exposed in detail many great errors on special points of fundamental importance in the science. Mr. Ingram, of Dublin, in his excellent history of Economics, has done so with effect. Professor Nicholson, of Edinburgh, in dealing with a special subject of great importance, has been constrained to say of Ricardo perhaps the most severe thing that could be said of any scientific writer—that "his mode of presenting a subject is the same as if Euclid had omitted altogether the definitions, axioms, and postulates, and had drawn the propositions at random from a ballot-box."* Mr. Cliffe Leslie declares that on all the great economic questions which affect the theory of value, wages, profits, and taxation, Ricardo's system "is misleading and mischievous."†

3. All this is strong language, and yet it is not one whit too strong. The direct censure it conveys is hardly more severe than the indirect censure implied in the excuses and defences which have been set up by some of the most recent expositors of the older school. Thus Bagehot tells us, that Ricardo "dealt with abstractions without knowing that they were such; he thoroughly believed he was dealing with real things." Instead of considering human nature in its actual circumstances, we are told that he "was really considering a fictitious nature in fictitious circumstances." The whole school of English Political Economists are described as "not speaking of real men, but of imaginary ones; not of men as we see them, but of men as it is convenient to us to suppose they are." Again, we are told that "they are like physiologists who have never dissected, like astronomers who have never seen the stars; and in consequence, just when they seem to be reasoning at their best, their knowledge of the facts falls short." And all this, with much more to the same effect, is defended on the plea that such methods are the methods of all abstract science. The abstractions of Ricardo in Economics, are likened to the abstractions of Sir Isaac Newton in astronomy. Assumptions which are admitted to be founded on "a fictitious nature

* 'Tenant's Gain not Landlord's Loss,' p. 61.

† 'Essays,' p. 70.

in fictitious circumstances" are, it is pretended, like to the "Laws of Motion." But no scientific man would admit this parallel for a moment. It is true that the Laws of Motion are abstract conceptions of the mind, but the difference is that they are good, instead of bad, abstractions. They do fit into all the facts. They do explain the actual phenomena of nature. Moreover the conceivers of these abstractions were under no delusion as to the nature of them. Newton knew them to be abstractions, only claiming that they were abstractions drawn from observed facts, and representing with truth the intellectual conceptions which embraced those facts, and rendered of them an adequate account. It is impossible to make the same claim for the faulty abstractions of the economists. These do not give any adequate account even of the few facts with which alone they profess to deal. Bagehot admits that those who framed the theories were not familiar with the facts ; whilst those who best know the facts are never able to recognise the theory. There is nothing like this in physical science. Its conclusions and its hypotheses are always suggested by observation, and are always being brought to the test of closer and closer watching of the facts. When they do not stand the test, they are being always superseded or cast aside. Economists have claimed to be independent of facts, and to have a right to reason in a purely ideal world in which no mere facts can touch them. Hence the just revolt against them. Any defence of what has been discovered to be erroneous in the older economic teaching, which rests on this assumed parallel with the processes of physical research, is a defence which cannot stand.

4. The discrepancies which often arise in physical science between calculated and observed results, have no analogy whatever with the discrepancies which have been discovered between many economic theories and the facts of human life. The orbit of a planet may not follow its calculated curve—it bulges as it were, it is deflected, it is disturbed. But the deviation from the calculated path is always due to the same great forces which determine the theoretical, or undeflected lines. And therefore the disturbance, so far from revealing any error

in the abstract law of gravitation, is, on the contrary, the most signal illustration, and the most splendid confirmation of it. So in like manner the elements of friction and resistance which may be intentionally set aside for the moment, in the calculations of the engineer, have no analogy with the neglected elements which have been set aside in the reasoning of economists, and which are now seen to have vitiated much of this reasoning altogether. The mechanician does not forget friction, he only reserves it for a separate process of estimation. What the older economists are accused of having done is not this, nor anything the least like this.* They are accused of having omitted—not temporarily or for a legitimate immediate purpose, but altogether and through sheer blindness or forgetfulness—some of the most essential elements in the problems with which they had to deal. The latest, one of the most able, and certainly the most temperate of these critics, has not hesitated to say of them that "they overlooked whole groups of facts which we now see to be of vital importance, and they often failed to make the best use of those which they collected."† This is a sweeping charge indeed; but even this does not exhaust the true indictment. The truth is, that the errors which have been detected lie even deeper than mere neglected outward facts. They lie in defects of mental vision, and in systematic misinterpretations of our own human faculties, and of the language in which their operations have been reflected. This very deep-seated source of error is the true one, and the only one, which justifies Professor Marshall's words, that the economists were not only blind to many facts of vital importance, but did not even make the best use of those they actually did see.

5. In these last words we have the true answer to another plea on behalf of the detected economic errors, a plea which would mislead us signally if we were tempted to accept it. That plea is, that economic science is a new science, because it deals with facts and conditions of society which are of recent development in the world. Man, it is said, as a mere money-making

* Bagehot's 'Economic Studies,' pp. 5, 13, 157.

† 'Principles of Economics,' by Professor Marshall (1890). Vol. i. p. 62.

animal, is a modern creature altogether. Professor Marshall himself rather dallies with this plea, and even adopts it to some extent. He represents the theories of the Ricardo school as drawn from the phenomena of the Stock Exchange, and as dealing with the human race as if it were all composed of "City men." But the most insidious of all fallacies is involved in this plea. It is true that economic science is a new one, but only in the same sense in which the science of language is a new one. The science of language is new, not because the facts with which it deals are new—for language is as old as man—but because the facts have only recently been recognised as a fit subject for separate, systematic, and comparative, investigation. Men have been making grammar, and have been evolving dialects by the thousand, ever since the world began, and the laws which have governed the process are as prevailing in the latest changes of form as in the oldest facts of which we have any knowledge. So it is with economic facts and laws; they underlie and govern every act of barter among the rudest savages just as much as they underlie and govern every transaction on the Stock Exchange. There can be no science at all where identities of structure and of function are obliterated in undiscerning minds by mere diversities of form, or of surrounding circumstance. Accordingly we shall find it to be true that the errors of the Ricardo school lie quite as much in the interpretation of familiar facts, as in ignorance or forgetfulness of phenomena which were to them distant and obscure. On many questions, and these lying at their very doors, and under their very eyes, and yet lying also at the root of the whole science, the teaching of the orthodox economists has been most defective, and through defect has been most erroneous. On such vital conceptions as the definitions of wealth, of capital, and of labour, on the nature of value, on the sources of wages and of rent, on the distinction between productive and unproductive work, their analyses, and consequently their teaching, has been often vitiated by the total neglect of important elements, and sometimes of the most essential elements of all.

6. But on the other hand if we ourselves are to do any better,

we must be alive to the really good work which the older economists have done, and we must be right in our perception of the particular errors by which they have been led astray. As regards the good work they have done, we must remember that it is to them we owe it that men have come to acknowledge that there is such a thing at all as science in matters economic. It is to them we owe the fundamental conception that there are natural laws governing the conduct and actions of man in all his relations with the external world ;—that if he wishes to attain any desired results, he must work up to them by obeying those laws and using them ;—that he cannot alter those laws, any more than he can alter the properties of matter ;—that by the mere direct action of his Will in issuing orders, or in enacting statutes, he cannot effect his purposes unless his Will uses the appropriate means, that is to say, unless his enactments are in harmony with certain forces in human nature, and in the nature of things around us, which cannot be eluded or overborne. This is the conception that alone makes a science to be possible on any subject, and this is the conception that the older economists have made familiar to us all.

7. But they have done more than this. Indeed they could not have done this without having done a good deal more. They could not have established the general idea of economic causes as belonging to the class of natural laws, unless they had been clearly right in specifying what some, at least, of those causes are, in showing how they work, and in tracing to demonstration some of their results. No revolt, therefore, against the "orthodox" economists can be just or reasonable which does not take due account of this fact, for it is the foundation on which the edifice of their authority has been built.

8. Nor does even this sum up all that we owe to them, or all that ought either to restrain us, or to guide us somewhat, in our rebellion. If the older economists not only laid down the foundation of our science, but erected at least some good and solid work upon it, we must have a care how we attack their methods. To pursue the masonic metaphor, if they built up even one good bit of wall "true to the plumb, they must have had some good stone, some well-tempered mortar, and

above all, they must have had a plumb-line in their hands. Or—to escape from an analogy which is too mechanical—if they reached some sound and safe conclusions, they must have known, at least, how to reason. It is true indeed that there is a large class of truths which may be learnt and taught without being held in connection with, or in consequence of, any sound philosophy, or even any logical process whatever; just as, in practical life, right courses may be shaped, and sound judgments may be formed, whilst very bad reasons may be given in their defence. But many of the economic truths which have been taught by our old orthodox friends, have not been of this class. They have been generalisations reached by reason working on observation, and proceeding by legitimate induction.

9. It is essential to note this, because the only aim and purpose of a revolt against any system of teaching, is to set up some better teaching in its stead. Destructive criticism can only be valuable in proportion as it leads to reconstruction. And so if, instead of attacking results which have been erroneous, we attack methods which were good enough in themselves, but which failed only because they were imperfectly pursued, the chances are that we shall ourselves adopt some novelty in method which is fanciful, affected, and useless for any purpose. Thus it has been said of late years by the younger school, that the method of the older school was bad because it was "too abstract," that its results were erroneous because they were often "mere abstractions." This theory must be wrong. To gather up and to arrange concrete phenomena under great general laws, is the one great aim of all science. But great general laws must always be abstract conceptions. And not only so, but the very words we use, whether in scientific work or in the work of daily life, are full of abstract ideas. The human mind is so constituted as to perform the operation of abstraction automatically and instinctively. We cannot get on a step in any reasoning without dealing with pure abstractions. Truth and error, justice and injustice, pain and pleasure, love and hatred, and a thousand other words, are all abstractions, and we do not find

in them any source of error due to their abstract character. It is just the same with the purely physical sciences. Heat, and light, and weight, and force, and energy, and a multitude of other such terms, are all highly abstract words, and the conceptions they express are pure abstractions of the mind. The corresponding terms and conceptions which belong to economic science, such as wealth, and value, and price, and wages, and labour, and capital, and money, and credit, and so on, are not more abstract, but rather less abstract, than many of their counterparts in the physical sciences, because they are less removed from the language of common life, and the abstract ideas they express are more fully represented in familiar facts. There is, for example, far less abstraction in the word wages, or in the word rent, or in the word labour, than there is in the word "work," or in the word "energy," as defined and used in the philosophy of mechanics.

10. We are, therefore, running altogether on a false scent if we ascribe any detected errors in the orthodox economists to the mere fact that they deal with, and depend upon, ideas too purely abstract. And if we are on a false scent in detecting the cause of error, we shall infallibly find ourselves on a false scent also in our attempts to reach the truth. The real explanation of all that has been erroneous in the older teaching, does not lie in the fact that it rested on words and ideas which were abstract, but on the fact that those words and ideas were bad, or faulty, abstracts from the realities of human nature and of human life. This is a very different conception, and one which puts us on the right track at once. In the first place, it largely excuses those who have fallen into errors which may now seem to us to have been gross and almost inconceivable. But the explanation is very simple. It is that the facts with which economic science has to deal, and upon a complete understanding of which it can only be securely built, are, in their own nature, infinitely more complex than the facts with which the purely physical sciences are concerned. Consequently it is proportionately more difficult to perceive them all, and still more difficult to analyse them completely, even when we have perceived them.

11. One continual and abounding source of fallacy in all scientific reasoning, lies in neglected elements, that is to say, not only in facts which may be unknown, but quite as often in the omission of facts which may be so well-known and familiar that they are treated as not worthy of notice,—so that the import and effect of them is unnoticed only because they are neglected and forgotten. Now this great and fruitful source of fallacy in all reasoning, is never so baneful as in the sciences that deal with facts and phenomena which are purely or largely mental. The desires and the affections, the powers and aptitudes of man, in all his relations with other men and with the external world, constitute a subject of enormous extent and of enormous difficulty. Not only are we in constant danger of omitting and forgetting to take into account a multitude of facts concerning them which have eluded our observation, but among the facts that we do recognise we are in perpetual danger of mistaking the transitory for the permanent, the occasional for the constant. This explains how it is, and why it is, that very wise and able men, in past times, have been led into blunders which were gross ; and this it is that should warn us how it is, and why it is, that even the ablest and wisest among ourselves may be similarly deluded, only in some new direction.

12. The temptation to ascribe all past errors to some erroneous method, involves the farther temptation to strike out some new path for ourselves. And the chances are infinite that this new path will be very badly engineered. If a man who takes this idea into his head happens to be a specialist in some particular branch of knowledge, and if his attention has been awakened to false teaching by facts and conclusions being forced upon his attention in connection with that branch, he will be very apt to generalise the value of some technical method which has done him good service in his own special subject, and he will imagine that the universal, or at least the wide, adoption of it would be the best guide to truth in very different spheres of thought and of enquiry. Of this danger Professor Jevons himself was a signal example. He was a mathematician, and in the vehemence of his revolt against the

elder economists, he insisted that in mathematical methods would be found the true *novum organon* of economic science. One immediate consequence of this notion is that it excludes every element in economic facts which is not either purely quantitative, or at least does not lend itself easily to quantitative forms of statement. All mathematical reasoning is essentially quantitative. It deals with numbers, and all facts which stand wide apart from numerical relations must necessarily escape its grasp and elude its cognisance. Yet nothing can be more certain than that many of the most powerful among economic causes cannot be numerically expressed. Neither the intensity of human desires nor the ingenuity of inventive faculties, nor the negative powers of stupidity and inertia—can be measured in the notations of mechanical energy. It is impossible that the variety and complexity of circumstance, and of motive, which may check or stimulate industry, can be traced or unravelled by the mind which is always thinking of mechanical diagrams and of algebraic formulæ. The amount of money men will give to gratify a desire—the distance they will go, or the muscular energy they will expend to secure an object—all these cases and many others of measurable quantities, are but superficial indications of the deep economic causes. They give us no more than a sort of phantom semblance of any real correspondence between numbers and the profound effect of those causes upon all the phenomena of life. Not only, therefore, must the mathematical method fail because of its inadequacy, but it must do worse than merely fail, because it is often so inapplicable as to be positively vicious. It multiplies ten thousand-fold that greatest of all dangers—the danger of neglected elements. It would shut our eyes against the possibility of seeing many of the most significant facts, and many of the most energetic causes, with which economic science has to deal. And not only would it shut out so much as regards the present age, but it would shut out all the historic past. Mathematical truths are truths which have no similar reference to time. If they are true now they must have been true, so far as we can see, through all the

limitless ages of the past, and they will be true for ever. Their special home is the Inorganic, not the Organic, world. They deal almost exclusively with the physical, and not the vital, forces. There may be development in our knowledge of them, but in themselves there can be none. The mind, therefore, which is set upon them, and on the methods which are associated with the tracing and with the application of them, can think little of mere human history. Yet among the most powerful forces and causes which belong to economic science, are those which are deeply rooted in the past. Who can estimate numerically the power of ancient hereditary pre-conceptions? Who can represent, by diagrams, the effect of degenerating customs? Can any array of increasing or diminishing parallelograms constructed on imaginary base lines of given length, give us the faintest idea of facts of this nature? Can ignorance, or laziness, or contentedness with low standards of life, be expressed in numbers, or be explained by any relation between quantitative measurements?

13. There is, however, another observation made by Jevons which, as bearing upon this great question of method, has a very different tendency, and is of a correspondingly much higher value. He tells us that "the science of Economics is in some degree peculiar owing to the fact that its ultimate laws are known to us immediately by intuition—or at any rate are furnished to us ready-made by other mental or physical sciences.* If this sentence meant only, or even if it meant principally, to point to the facts of our own human nature as the main facts to be observed, analysed, and classified, in laying the main foundation of the science, it would be a sentence full of the profoundest truth. Because it is undoubtedly true that if we could conduct that observation, analysis, and classification, to an exhaustive issue, we should have gone a long way, not only towards laying the foundations, but even towards building up a very solid edifice, of safe induction. If we could only trace back to its historic origin, or break up into all its constituent elements even as they stand at present, any one of the common acts and dealings of our own

* Jevons's 'Political Economy,' p. 18.

economic life, we should get down very deep indeed into the philosophy of the whole subject. Every purchase of ordinary commodities in a shop—every saving from weekly wages, or from yearly profit—every choice of investment for that saving, —every act of association with others in some new enterprise—every act of lending or of borrowing—every payment of interest on loans, or of rent for house, or for land, or of the price of hire for any other article—every one of these transactions whether on the largest or on the smallest scale, if it be traced correctly, and traced to the very uttermost, in all that it has inherited from the past, and in all that it involves now—would not only place us at the head of our class in this department of knowledge, but would place us far above all our fellows, and all our predecessors who have landed us in a "shattered science."

14. If this is what Jevons meant, and all he meant, when he declared that the ultimate laws of political economy are "known to us immediately by intuition"—then it is most true and most instructive; because it may open our eyes to the immense significance which is lying hid in common and familiar things, and to the immense difficulty of applying to them anything like a complete analysis. But unfortunately this was not the meaning or intention of Professor Jevons. What he meant was something very different, and is indeed almost a perfect specimen of that kind of bad abstraction that has made some men revolt from a process which is the only instrument of research, when it is properly applied. What Jevons meant and has actually done, is all in pursuance of his erroneous notion of applying to economic science the method of mathematics. He looks out whether he can construct, out of the elements of human nature, some dicta which may take the place of mathematical axioms and postulates. The result, of course, is that in order to cram the complex facts of human nature into a verbal formula pretending to the character of a self-evident or axiomatic truth, he is obliged to make an abstraction which rests on nothing but a mere bit or fragment of the facts. Never were such broken victuals passed off upon any hungry mortals as Jevons passes off on us as the pure

extract of human character and motive. The scraps vouchsafed to us are three: first, "that every person will choose the greater apparent good;" secondly, "that human wants are more or less quickly satiated;" and thirdly, "that prolonged labour becomes more and more painful." *

15. Miserable as this selection is of the ultimate laws which are known to us by intuition—miserable from mere scantiness of number—they are still more miserable from their ambiguous and deceptive character. Not one of them has the quality of a self-evident truth about it. Not one of them is even true at all except in some very limited and partial sense. The first—that man always chooses the greatest apparent good—is a proposition belonging to the empty logomachies which have arisen round the Necessitarian doctrine in its contests with the doctrine of Free Will. It depends on the meaning given to the word "apparent." That meaning must be lowered to the level of the merest appetite. Immediate apparency to the senses is all that can be meant. It is not true that we always choose that which we know to be—that which is clearly apparent to our intellect as—the highest good. Our conduct is not always determined by the intellect or by the conscience. The drunkard may know perfectly well that the greatest good for him would be served by abstention, and yet in the face of this truth, quite "apparent" to him, he persists in drinking. The proposition, therefore, as a general truth, can only be defended by that verbal quibble—and by that reasoning in a circle—which assumes that whatever a man does must be to him the "apparent" best, simply because he does it. He does it because it is apparently the best to him; and we know it to be the apparently best to him because he does it. Nothing can be more futile than this proposition—and what is worse, nothing can be more deceiving. For if the ultimate facts of our own minds, and the ultimate sources of motive in us, are subjects relevant at all to economic science, as they most certainly are, then it must be thoroughly bad to omit that great fact in which our human nature stands alone—namely, its corruption; that is to say, its tendency and its power

* 'Political Economy,' p. 18.

to choose what it knows to be the worst, and not the best, among the actions open to its choice. Any reasoning, or any speculation concerning the conduct or desires of men, which forgets this fact, or which fails to give to it its due importance, must be not only futile, but vitally deceptive and erroneous.

16. Then again, when we go on to the second of the Jevons axioms, we find, not indeed so gross a delusion, but a mere bit and fragment of a truth—so scrappy as to be comparatively unimportant. The satiety which quenches the desires of men, may be represented by such facts as that his stomach cannot hold above a certain limited number of potatoes. This is true, and, in the same poor mechanical sense, a similar limitation affects the activity of all his physical appetites. But the boundlessness of his aspirations and of his desires, is a far more important truth than the satiety which, for a moment, may affect a few of them—and these the lowest among the number. It is an infinitely larger and more operative truth that the eye of man is never satisfied with seeing, nor his ear filled with hearing, than that his bodily organs are limited in size, and in the quantity of matter which they can hold or can assimilate.

17. And so again, once more, when we pass on to the third of these wonderful postulates or axioms, which are to stand us in as good stead in the science of Economics as the postulates and axioms of Euclid in the science of geometry, we find only another example of the same narrowness of grasp—of the same scrappiness of fact. The third axiom is that prolonged labour becomes more and more painful. What is this but an extension to our nervous system of the same aspect of mechanical limitation which has absorbed the attention of Jevons as regards the size and powers of our digestive apparatus? It is a fact certainly; and like all other facts, it has its own inevitable consequences. But it is a subordinate fact in the philosophy of human powers and of human conduct. The easy and early exhaustibility of the physical, or of the mental powers of individual men, is a less prominent fact, and a less operative cause than the comparative inexhaustibility of the desires and aspirations of societies of men, and above all,

of their command over the brute energies of Nature when these are yoked to human service through mechanical contrivance. And even as regards the individual man, although it is true that when his stomach is full he ceases to be hungry, and loses in consequence that physical stimulus to exertion, it is equally true that he has a brain capable of foreseeing that his stomach will be empty again in the course of a few hours, and that provision must be made in the meantime for a renewal of supply. Therefore, the facility with which the bodily appetites of men can be satiated, and the effect which this kind of satiety may have in stopping work, or in arresting effort, is quite a subordinate, and, indeed, a trifling factor among the laws which regulate his conduct. Yet so enamoured is Professor Jevons of his *novum organon*, or mathematical method as applied to Economics, that he asserts the possibility of reaching all the results of that science by purely deductive reasoning, from those three postulated truths alone. Perhaps there never has been such a signal illustration of the temptations which beset the mind in the prosecution of economic science, than the fact that a man so able as Jevons, and one who has detected and exposed so clearly some of the particular blunders of the older teaching, should himself have fallen into a fallacy so prodigious in itself, and so big with a whole progeny of other fallacies which must be the issue of its womb.

18. If, now, we examine still more closely these postulates of Jevons, so as to determine exactly how and wherein they differ wholly from the postulates of geometry, we shall soon see the distinction which destroys all analogy, and makes the pretended axioms in Economics useless for any purpose. The axioms of mathematics are not only partly true, but wholly true. On the subject-matter with which they deal, they do not merely express one truth, but they express the whole truth, and exhaust it. For example, the postulate that things equal to the same thing are equal to one another, is an absolute and exhaustive truth. There is no other truth, lying alongside of it, which can affect or qualify it in the least degree. And this completeness of truth depends on its simplicity, or rather on the simplicity of the relations which it

expresses. There are no complications. Under no conceivable circumstances can two things which are perfectly equal to one another be otherwise than perfectly equal to a third thing which is perfectly equal to either of them. Weights, all equal to one standard weight, must always be equal to each other. Lengths, cut to one standard of length, must all be similarly equal amongst themselves. But there is no such simplicity of subject-matter in the relations which we handle in Economics, even when these are of the most elementary kind. Two men perfectly equal to one another in stature, and in weight, and in muscular strength, will not be able to do equal work when one of them has skill and training, whilst the other has none, or comparatively little. Two societies with perfectly equal opportunities, will not reach the same development if their histories have been wholly different. Tendencies and aptitudes have their origin in the past, and where aptitudes are unequal no equality in other things will produce any equivalence in those results which are among the subject-matters of economic science. It is true, indeed, that these results, or a large part of them, in so far as they are embodied in material substances, and in the relations of these to us, are measurable because they are quantitative in weight, or in bulk, or in number. But the ultimate causes which have led to those results are too complex and too purely mental to come within the grasp of arithmetical notation. It is true that the products of human industry are measurable, and so are some of their relations of equivalence to each other and to us. But the energies of mind, and of character, and of desire, which are the dominant factors in the production of them, and in the value of them, belong to a higher category, and elude altogether the notation of this coarse analysis. So do all the historic causes which have sent down their thousand rills of influence upon us in everything that we think, and plan, and do. The consequence is that the application of mathematical methods to economic science is a method essentially delusive, because it tends more than any other to multiply the number of neglected elements. And in these—the more we think of it—lie more than half the fallacies which affect our reasoning.

19. Whilst, therefore, we may sympathise most heartily with Jevons in his revolt against much of the older teaching, and even in his indignation that we should ever have allowed ourselves to be so much deceived, we must part company with him altogether as to the direction towards which he moves in searching for reform. If, as he has said, others have shunted the science into a siding, so would he—if we were all to follow him. His mathematical method leads simply nowhere. We must keep to the old methods of all scientific enquiry—the method of wider observation—the method of closer reasoning, and above all, the method of more refined, and therefore more adequate analysis. Economic science is not, like mathematics, an exact science founded wholly on self-evident and universal truths. It is pre-eminently an inductive, and not a purely deductive, science. And yet it is perfectly true, as Jevons says, that some at least of its fundamental facts not only may be reached, but can only be reached by looking inwards, that is by observing the characteristics of our own human nature, and the energies which belong to mind. But it does not follow that this tends to simplify the enquiry. Still less does it tend to make it purely quantitative. On the contrary, it tends to complicate it immensely, and to remove it far out of the reach of mechanical weapons of research. Mental phenomena are the most difficult of all ; first, to observe, and then, to estimate. Nor is the work made easier from the fact that much of it may be done by careful self-dissection. It is a great fact, and a great parable, that man had come to discover and to know much about the circulation of the heavenly bodies, long before he had discovered anything about the circulation of his own blood. The things which lie nearest to us are often the most apt to escape our notice. And if even the most salient facts of our own bodily structure were so difficult to know, and were so long of being known, we can understand how much more hard it must be to observe correctly, and to follow completely, the structure of our own mind, and the paramount place it holds in economic causes.

20. Nevertheless, this work can be done, and it must be done, if anything like a real science is to be reached at all. We

have faculties—the very highest we possess—by which we can look inward upon ourselves and can estimate the motive forces, and the processes of thought, under which, and by which, we act and think, and feel, in our relations with the external world. Moreover, there is one great intellectual operation of self-analysis which is performed for us automatically and unconsciously, by perhaps the most mysterious of all our faculties—the faculty of speech. It is strange, indeed, to talk of the dangers of abstraction as a source of fallacy in our reasoning, when our race has been evolving, from its very beginning, abstraction after abstraction by an instinct and a power which is as unconscious on our part as the processes of physical digestion. I have ventured elsewhere to contend, against the authority of a very eminent man,* that language cannot be considered as identical with thought, any more than the creatures which live in the shells of ocean can be considered as identical with the habitations which they have themselves organically evolved. If it were possible that these creatures could ever, even for a moment, be endowed with some small share of those higher faculties of self-knowledge and self-observation which are the crown of our own nature among living things, we can conceive how they might wonder at the beautiful structures which in some mysterious manner they have themselves unknowingly been made to make ; how they might feast their eyes on the loveliness of their shelly substance, on the flowing harmony of its lines, on the perfect obedience of each convolution to the law of its own initial curve, on the intricacy of its chambers, on the organic connection which is maintained through life between the earliest of these and all that have succeeded, and on the epitome of its own stages of growth which is presented even on its surface, so that the most beautiful of its ornaments are the lines which are the records of its own development. The similitudes are but imperfect, which we can ever trace between outward and inward things, between things material and things immaterial. Yet, though imperfect, they are not unreal. And so between those self-built habitations of the lowest

* Professor Max Müller.

creatures, which are among the most exquisite forms in nature, and that moulded vesture of the human mind which is so curiously wrought in the structure of human speech, there are some profound analogies. For that structure is woven in, and by, the mind—from small beginnings—without conscious effort, and without conscious intelligence to direct the work. And just as, in virtue of some internal power, the mantle of a mollusc or the apparently formless jelly of a sponge, gathers and attracts from its surrounding medium the infinitesimal ingredients of its home, so does the mind of man in contact with the external world, gather, assimilate, and express, in some outward form, the thoughts which it feels or sees therein. These forms therefore, constituting articulate speech, are the automatic record of the deepest of all truths.

21. They are in large measure abstract forms—that is to say they are words expressing abstract ideas—the results of an abstracting process which is intuitive and direct. Thus all such words are in themselves facts, and facts of the most complex kind, calling as much for careful observation and analysis as any of the most difficult and obscure phenomena of the external world. Hence it is that a clear definition of terms or words is a necessity in every branch of science. And hence it is, too, that in each branch of science some special vocabulary becomes established, which gives rise to special dangers in proportion to the narrowness of the special aspects with which it deals, as compared with the variety and complexity of the conceptions which its adopted words do really involve. In the purely physical sciences, and especially in the exact sciences which deal with purely numerical relations, the words used, however abstract, are the abstract of conceptions which are so comparatively few and simple as to be susceptible of definitions which are precise. But in all the sciences which have to do with human character and conduct, and with the causes which operate on these, the elements to be handled are so numerous, so closely linked, and so difficult to individualise, that the technical vocabulary may easily become an abounding source of fallacies.

22. There are two kinds of technical language corresponding

to two very different sources of suggestion. One kind is natural, spontaneous, full of truthful perception—of subtle and appropriate meanings. The other kind is laboured and artificial, invented to express only some narrow and partial aspect of things, and intentionally shutting out truths far more important than those on which it seeks to lay special emphasis. The first, and the only good, kind of technical language is that which arises among workers whose minds are brought into touch with the unseen realities of nature, who instinctively recognise them, and who give to old words—generally by way of metaphor—some new and, often, some profound application. Thus, for example, in the history of Art, when it arose in Italy, the painters of her glorious age found out a new and a fine use for the old word "motivo" as applied to great pictures. It is a purely technical word as so applied. But it denotes—by a true and admirable perception—the ultimate source of all high artistic inspiration. It does not mean the mere form or execution of a painting, however fine these may be; neither does it mean its mere actual grouping and composition. It means something far deeper than any, or all, of these. It denotes the ideal which inspired the artist—the conception after which he strove—however imperfectly this may have been attained. In all arts and handicrafts, according to the mental elevation that may be in them, technical words of this high class are generated by natural processes of thought, and these words are often of the highest value.

23. But the other kind of technical language is that which is consciously and laboriously concocted by logicians and theorists of all kinds, whose minds are set upon some fragmentary conception about things, and who invent for these conceptions some jargon of their own. There are several ways in which this is done. One way is to seize on some familiar words of narrow meaning, and to use them as the equivalent for other words of rich and various import. Thus, for example, the idea of valuable things is squeezed into such common words as "goods," or "commodities," or—worst of all—"utilities." This is the lowering of a large conception down to the level of a small one. It is always easy

in this way to eliminate the highest elements of thought which are involved in any science. Another way is to invent a new and pompous title for some one fact, or some one small group of facts, as if these facts indicated a special law applying to some special subject in economic science, when in reality these facts may be simply referable to one great general law which is well known and is equally applicable to the whole natural world. Thus, for example, there is one universal law known in physical science as the Law of the Dissipation of Energy—that every kind of action, and every form of energy, is subject to limitation in its working or effects. The function of our stomachs is to effect digestion and nutrition. For this work it needs a certain amount of food. But food supplied in excess will injure nutrition, and even destroy life. In like manner our muscular system cannot do more than a certain amount of labour; if that labour be unduly increased or prolonged, less and less work is done, until complete exhaustion supervenes. The same law applies to machinery. Boilers will not stand more than a certain pressure, and more fuel heaped upon the furnaces in excess of the fitting quantity, becomes either useless or destructive. In chemistry all substances have their combining proportions, and any excess of supply will be rejected by nature, in the evolution of useful products. And so on, through the whole of the system in which we live.

24. Economists have got hold of this idea of the exhaustibility of all forms of effort, as it happens to be seen in one of its innumerable applications. This particular application they appropriate to themselves under a new and sounding title. The particular application which strikes them is in agriculture. They see that in agriculture it is possible to overdo even the most needful work. Manure, for example, is a necessity. But an over-dose may be applied. A field might be turned into a big dung-hill. The land may be sickened, and its fertility destroyed. Or again, it needs to be limed; but an excessive supply of lime may turn it into a chalk-pit. It needs to be ploughed or trenched; but if we go on ploughing and trenching when we ought to be sowing and reaping, we shall get no crop at all. Economists are in rapture with this

idea. They appropriate it in some form which is helpful to their own theories, and they invent the wonderful agricultural law which they call, "The Law of Diminishing Returns." Now here we have a phrase expressive of an idea not in itself erroneous, but on the contrary so true as to be a mere truism; yet it is, none the less, a phrase invented for the express purpose of conveying an impression which is absolutely false, namely, the impression that the limitation of results from effort is a law specially applicable to agriculture. Hence we see that under the protection, as it were, of a reasonable aspect, the grossest fallacies may be propagated under a plausible technical vocabulary. And then we have, very often, a perfect litter of progeny from such mother-phrases. The false elements in the conception soon multiply themselves. Thus, in the present case, we have whole groups of technical phrases all hanging on the same erroneous idea, and all carrying and prolonging the same fallacies into new provinces of thought. Thus, one writer fixes his attention on the obvious fact that in every case of excessive effort, it is—as the proverb says "the last straw that breaks the camel's back," that is to say it is always the last addition to previous exertion that passes that boundary of natural adjustment which is indicated by the word—enough; and so, in order to express this very commonplace conception, he invents a new phrase and talks about "Final degree of Utility,"* as a title for the last atom of useful application. Another writer pursuing the same notion thinks it important to devise another phrase, "Marginal dose," and to call the return from the said "dose" the "Marginal return;" whilst yet a third phrase, "Margin of Cultivation," is appropriated to some equally scrappy conception about the same facts.† All these new and technical phrases are printed generally in capital letters, as if they represented abstract ideas of fundamental importance in Economics. The whole science is infested with this pestilent vocabulary of phrases. They are a parasitical growth upon it; confounding and confusing the great facts and the great conceptions which

* Jevons's 'Theory of Political Economy,' p. 51.

† Professor Marshall's 'Principles of Economics,' pp. 201–4.

are really vital, and which for the most part have found expression in the only vocabulary which is worth a jot—namely, that which has arisen spontaneously in the ordinary speech of men, reflecting and embodying their natural perceptions.

25. And all the time that economists have been wasting labour with ever "Diminishing Return," on this laborious trifling, they have been neglecting the simple and fruitful work of analysing the automatic evolutions of human consciousness in the noble coinage of common speech.

26. How systematic and persistent has been, in this way, the abuse of language by the older economists, can best be estimated by one of the most recent arguments put forth in their defence. A writer of undoubted ability, the late Mr. Bagehot, who has made some valuable contributions to our science, avows that its vocabulary has been formed on the principle of taking words from common life, and twisting them in a way which common people would never think of; nay, more, he defends this method as a necessity in abstract science. He says that "what seems a perverse use of language must be made." * Fortunately, the same writer who defends the method, has confessed also its deplorable results. He confesses that when ordinary mortals read economic books, they are completely puzzled. And the better the books, he says—that is to say, the more steeped the books are in this abstract method—the more are such readers mystified. "They know that they are reading words which are constantly used in common life, and about things resembling, at least, those of common life; but, nevertheless, the reasonings and the conclusions do not seem to belong to real life at all." What a confession! And what an excuse! "They," the old economists, we are farther told, "only evolved an hypothesis, and they did not intend that their arguments should be thought to be taken from real life." †

27. A more pestilent doctrine was never taught in any great subject of human enquiry. But although it does represent results which have actually arisen, I do not believe it repre-

* 'Economic Studies' (1888), pp. 50–1.

† Ibid., pp. 76–7.

sents fairly what was intended by the older school. They did not consciously twist words ; they did mean to explain at least one great class of facts in real life ; but the fallacies into which they fell lay in an imperfect analysis of even that class of facts, and especially of the common words which are the record of them in the lives and speech of men.

28. How little they have done in the direction of this analysis can best be estimated by the curious fact that Jevons, in the very statement of that new mathematical method which is pervaded by fallacious novelties, makes a remarkable confession as to his consciousness of the ambiguity with which common words are used, and of the extreme difficulty of grasping all the ideas which, in abstract, they do nevertheless express. He specifies among the triumphs of his new method that, from the wonderful axioms above examined, we can deduce the laws of supply and demand, and "the laws of that difficult conception, value." Another distinguished writer has said, still more recently, that value is "in its essence the most subtle and variable of all the ideas which can be clothed in language."* Now why is it that the word "value" is such a "difficult conception"? Is it not one of the words in most common use with all classes of men who have the commonest business to transact? Is it not familiarly used with that practical correctness of application which makes it fit perfectly into the facts of life? Is it not obvious that the difficulty lies, not in the conception, but in the analysis of it—in the attempt to break it up into all its constituent elements? And whence comes this difficulty? Why is it that the conception is easy and natural to us all when we are acting or transacting, but becomes difficult to economists when they begin to philosophise about it? Is not the cause quite obviously this, that no definition is acceptable to us that does not fit into some favourite theories and pre-conceptions which we wish the new definition to support? If we had no such pre-conceptions to satisfy, if we were contented with registering and enumerating the elements of meaning, which, as a pure matter of fact are recognisable in the word, is it possible that there could be any such great difficulty in defining the import of a

* 'Free Exchange,' by Sir Louis Mallet (1891), p. 261.

word which is in such constant use, and which always conveys to men a perfectly definite and an easily intelligible signification?

29. The value of a thing as the word is commonly used and understood, means simply the amount, or number, or measure of other things which men will give in order to acquire it. There is no mystery in this. Nor if we desire to discriminate still farther, is it really difficult to do so between the abstract idea of value and the measure or amount of it which belongs to any articles in particular. In this more abstract sense, value means simply the desirability of things, the capacity they may have of doing some service to us—of affording some gratification to us. And again, if we wish to push our analysis still farther, is it not obvious that the ultimate seat of value is in those natural adjustments between our human nature and external things which make us seek the acquisition of them? In this sense—and this, after all, is the usual or at least the most frequent sense in which the word value is used—we mean simply the standing or position of things in the desires of men.

30. There is nothing in this which is so "subtle" as the concept of value is represented to be. Of course it is possible to open up still farther questions if we insist on travelling altogether outside the sphere of our enquiry, and if we speculate on the origin of human desires. In every enquiry we must begin somewhere. We must start with the acceptance of some well-known and universal facts. It would be very easy in the purely physical sciences to make out a plausible case for the extreme difficulty of defining some familiar word, or familiar thing. Is not water, for example, a word and a thing familiar to us, and yet is not the ultimate definition of it full of difficulty? Is it not a fact that the composition of water was wholly unknown to mankind till quite modern times, and is not the conception of it, as now known, a most difficult conception? That two separate gases, when united in one definite proportion, should have properties so absolutely different from either of them when separate, is not this hard to understand? And then the agent in this union—the force of chemical affinity—is it not in itself full of mystery,

although many of its laws have not only been ascertained, but have been made subservient to our management and control? And how have these conceptions, so difficult and indeed impossible to our ancestors, become so familiar to ourselves? The answer is, by observation, and especially by that method of observation which consists in separation or analysis.

31. This same method, and no new one whatever, must be our weapon of observation in the science of Economics. Our own conceptions are as much "things" as any material substance. They have been registered in words, and these words have grown, and have not been manufactured. But it does not follow because we have not ourselves made them by any conscious process of building or manufacture, that therefore we are unable to pull them to pieces again, and marshal, and separate, and specify, each and every element of thought which has been woven into one generalised conception. We have faculties competent to this work if we employ them with accuracy and circumspection. But it is not an easy work. The very greatest care is needed: and this for the very reason that when we analyse language we are analysing ourselves—our own minds, or rather the relations between thought and the external world. Nothing can be more complicated—nothing can be more subtle than these relations. Some of them are indeed comparatively simple, and one special danger is that we should seize on a few such, because they are simple, and because they are obvious, and should give to them a place and a function in our philosophy which is out of all proportion to the truth. This is the very error into which Jevons has fallen. He is quite right when he says that the ultimate truths of economic science are seated in the constitution of our own mental nature. But he is wholly wrong when he identifies these with the few very fragmentary truths which he has selected as analogous to the axioms and postulates of mathematics. The deliberate adoption of a theory that these—or anything like these—are all that we need consider—or all at least which are required for our foundations, would shut us up in a method which is not only incompetent but radically vicious. That method is vicious

because it systematises and glorifies the neglect of all elements in human character except a few, and these by no means the most important.

32. It has been a just complaint made against the older economists that they have set up a maimed image of humanity as their model—that they have created what has been called an "economic man"—an artificial creature which does not exist, because man, as he actually lives and acts, is an infinitely more complex Being than they have assumed and represented him to be. When stated in this form, and understood in this sense, the objection that the older method has been "too abstract" is a just one—although the whole force of it lies not in the abstractedness but in the badness of the abstract, in the immense under-estimate made of the number of the facts which are really vital—in the poverty of conception as to their antiquity, their variety, and their power. Not infrequently we have, in the reforming school of writers, dogmas laid down which are much more erroneous than anything in the methods of the older economists. Thus, for example, we are told that "the science must be cleared of all the theologico-metaphysical elements or tendencies which still encumber and deform it." * Now if this means that we are to be on our guard against bad metaphysics, and false theology, it is a warning that cannot be too often repeated. But if it means that conceptions which are purely abstract and intellectual, or purely moral, or that ideas closely connected with theology, and with the laws of an everlasting kingdom, are all to be dismissed as irrelevant in economic science, then no falser note was ever sounded in the ears of any seekers after truth. Nor are we reassured as to what is really meant when we read the words which follow this imperative dismissal of closely-related subjects. "Teleology and Optimism on the one hand, and the jargon of 'natural liberty' and 'indefeasible rights' on the other, must be finally abandoned." If human society be not in the nature of an organic growth—if it be not subject to laws governing its phenomena—if its several component parts can be separated from the tie which con-

* 'History of Political Economy.' Ingram (1888), p. 241.

nects an apparatus with its appropriate functions—then, indeed, but not until then, can teleology be dispensed with in the history of Economics. And so, in like manner, if human laws and institutions have no basis whatever in natural laws—if they can be safely made the expression of a purely arbitrary will—then indeed, but not till then, can the idea of natural rights, and of natural obligations, be "finally abandoned." But the writer cannot mean what he appears to say; for he proceeds to indicate as one great principle of reform, that very regard and reference to moral elements, and to conceptions of duty, on which all the conceptions of teleology and of inalienable rights are founded. Economists cannot dispense with any of the great abstract conceptions which are familiar to us all in our daily life. They are the supreme realities on which that life depends, whether it be the life of the family, or of the tribe, or of the most highly organised society. Every economic cause can be traced up to one or to another of them. They are not the less true or the less potent because we choose to give them a long and ugly name. Jevons calls justice itself, as administered by courts of law, "a metaphysical entity." *

33. Here again we encounter the dangers arising out of the careless and declamatory use of language. It would be an exaggeration to affirm that a true and complete analysis of the abstract words used in economic science would be enough, by itself alone, to clear up all its difficulties. But it is no exaggeration at all to affirm that such an analysis would go a very long way indeed to solve them, by reminding us of numberless elements which have been out of mind because they have been out of sight. And there is one immense advantage in this analysis, that it would tend to substitute pure matters of fact for mere theories, opinions, and assumptions. The analysis of words, such as value, wealth, labour, capital, and others of a like kind, ought to be exactly like the analysis of any material substance in a chemist's laboratory. It ought to be a report upon facts. Moreover, it ought to be an exhaustive report; that is to say, it ought to render a strict

* 'The State in relation to Labour' (1887), p. 18.

account of every element of meaning that exists in the compound of which the whole consists. And in doing this completely it will, almost of necessity, be doing something more, because it will reveal not only what words mean, but also how they came to mean it. For the ideas which words express have had a history—sometimes a very long and a very curious history. And the history of a word is the history of an idea. Etymology, indeed, may not be in every case a necessary part of the analysis which breaks up the meaning of a word, as it is now used, into its constituent elements. It may be enough if we are able to see clearly what those elements now are in actual application. But in our quest of this actual composition, etymology will often, of necessity, come across our path, and older meanings and applications will greatly help us in identifying central thoughts. Linguistic science traces all words to roots ; but every root in speech represents also a root in thought. Germinal sounds represent germinal conceptions ; and therefore the work of close verbal analysis, unlike the work of laying down mere mathematical axioms, embraces the element of time. It searches the past as interpreting the present. It goes back to history. It takes note of all the elements of genuine evolution. The results thus brought to light are in the nature of facts, as distinguished from mere opinions concerning facts. One fact of this kind may be quite sufficient of itself to disperse the most obstinate fallacies by not only cutting away the very ground on which they grew, but by substituting a new soil in which they cannot sprout again. Elements which we had totally forgotten are remembered. Some which we may not perhaps have totally forgotten, but to which we attached but little value, are seen to be of primary importance ; whilst others, again, which had engrossed all our attention, and on which great edifices of argument had been reared, are shown to be, at the best, mere bits of truth on which nothing can stand securely. In short, the Idols alike of our private Den, and of our public Course, can be, by such processes of analysis, dragged out into the light of day, and can thus be revealed to us as what they are.

34. It is an old story this—as old as philosophy itself—how fertile in deception is our gift of speech, how great is the power of words and phrases to lead us into the gravest errors, and to keep us captive under them. Yet it is a story which needs to be perpetually retold to us; and to be repeated over and over again by ourselves. For it has often happened that those who have remembered it, and have profited by it in combating the errors of other men, have nevertheless fallen into the same captivity themselves in the very corrections they have made. The first great apostle of economic science in our Islands, the man who really did found it as a science here, and drew from it some of its most sure results—is nevertheless a case in point. He was wide awake to the deceptive power of words and phrases, for he came across it at every step in his enquiry, and it was the great work of his life to fight it and expose it. Nor did he fail to notice the distinction between the truth with which we use abstract terms in the practical affairs of life, and the fallacies into which we are perpetually falling when we employ them in philosophy. "Gross sophistry," says Adam Smith, "has scarce ever had any influence on the opinions of mankind except in matters of speculation and philosophy, and in these it has frequently had the greatest; mere sophisms which had no other foundation but inaccuracy and ambiguity of common language." * This is a notorious fact which has forced itself upon the attention of every man who in any great subject has exercised any original or independent thought.

35. But this great fact has another face and another aspect. And it is to that aspect that we must now turn, if we are seeking a better mastery over the only true method in any science. We must turn to words and phrases, not as a cause of obscurity and darkness, but as one of the richest of all the sources of clearness and of light. For they are both, or either of these, according as they are used and handled. As the servants and instruments of thought they are invaluable; as its master they are at once tyrannical and deceptive. If we treat them as what they are—the most marvellous creations of the

* 'Wealth of Nations.' Book V., chap. i., art. 2.

human mind, and the most truthful record of its workings —if we use them honestly, and habitually regard them as objects of close analysis, we shall often find them the best and most faithful of all guides in reaching truths which it is difficult for us to remember or even to apprehend. And especially will they lead us to look back into the past in all matters in which that past is still bearing on the present.

36. And this will satisfy the desire of those rebels against the old economists, who, like Jevons, seek for a *novum organon*, but who differ widely from him in seeking that new method, not in mathematics, but in history. The "Historical Method" is all the cry with them. And if by this they mean that in the development of human society, so far as we can trace it, we shall find many of the phenomena which indicate the fundamental laws of economic science, they are undoubtedly right. But there is no novelty in this method. Many of the older economists have been in the habit of referring to historical events and facts as illustrating or confirming their theoretical conclusions. But we must remember that it is quite as easy to make bad abstracts out of history as out of contemporary events, or out of the analysis of our own mental constitution. We are quite as apt to be contented with poor and scanty gleanings out of the fields of history, as with a most undiscerning selection out of the facts of our own nature, and out of the transactions of our own days. Nothing can be more natural than to mistake in past ages, as in our own time, the accidental for the permanent, the trivial for the essential, the small and weak for the large and potent factors, in the results we see. It is in leading to a better discrimination, both as to the past and as to the present, that the great value lies of the habit of analysing words and phrases, because they are in themselves the best records of the past in being the habitual expressions of the present. There is a profound, because an unconscious, metaphysic in human speech. And we shall see that even in the most imperfect attempts to define, and to exhaust all the conceptions which are involved in some common and familiar word, we shall be led to

conclusions very different indeed from those which more careless thinking, and careless speaking, has imposed upon us, and which may be exercising a mischievous dominion over us.

In the next chapter we shall seek examples.

## CHAPTER II.

### A DEFINITION.

1. IT is a curious and a memorable fact that Adam Smith made no formal attempt to define the word, or the thing, which constituted the subject of his great Inquiry. The "Wealth of Nations" he evidently considered to be a phrase and a conception too simple and too familiar to need any such analysis. Nor, so far as his own immediate purpose was concerned, can he be blamed for this. He had a practical end in view. He saw his own nation and all other nations encumbered with laws which had been passed in order to increase wealth, but which he had come to see plainly could have no other effect than to diminish it. He had the work of a pioneer to do, so far as England was concerned, in clearing away a perfect jungle of misconceptions, and the somewhat rough implements which he used were sufficient for his purpose. He could not feel the need of refining much, when the delusions he had to deal with were so gross that the simplest facts, and the simplest principles, were enough to expose them. What men meant by wealth was not, in his mind, any matter in dispute, for the attainment of it had been the object of the very laws which he attacked. Moreover, no theories had then arisen which rested on confusions of thought as to the very nature of that which has been at least one of the great quests of men in all ages of the world. Accordingly, he takes no trouble to submit the word, or the conception, to any close analysis. In the course of his arguments and illustrations, indeed—quite incidentally, and by the way—he does refer to wealth under other forms of speech, which he evidently regards as practically synonymous. But these forms of speech are always of the loosest and most

colloquial kind. "The necessaries, conveniences, and amusements of life"* is a phrase which, with slight variations, occurs repeatedly, and it seems to have been considered by him as expressing, in general terms, all that he himself, or any one else, could desire to know as to the meaning of wealth. This indifference to precision in the definition of a word so familiar, and yet so all-important, was not without some injurious effects even on Adam Smith. Later discussions have brought out many errors in his great work, into which probably he would not have fallen had he used language with more scientific accuracy. But so fruitful were certain of the results which he attained, and so sound were the leading principles which he established, that his errors were, in that stage of the science, comparatively unimportant. We cannot, however, afford to be as careless now as he was a hundred years ago, in this matter of definition. The science has long passed into another stage, in which the gross errors so indignantly condemned by Jevons, and by others, have grown up and have become established on confusions of thought, and on the neglect of essential elements. These confusions of thought, with corresponding fallacies in reasoning, have been mainly due to the careless and inaccurate use of language. Moreover, the very rebels and reformers who have discovered, and are so angry with, the deceptions which have been practised upon them, have been themselves in danger of deviating into methods of enquiry that have a specious pretence and aspect of precision which is altogether deceptive.

2. But before criticising others, let us see how we can do any better ourselves. Let us see how far we can analyse, to any good effect, some of the words we habitually use in Economics, and especially that fundamental word round which the whole science turns. We shall find that the work is not so easy as we may have thought. Many of these words are as complex in their nature and constitution, as the most complex substances in the material world. Moreover, the elements to be dealt with are much more subtle. But it cannot be too often repeated that our aim, in analysing a word, ought to be the

* 'Wealth of Nations.' Book I. chap. v.

same as the aim of the chemist in analysing a material substance. Our aim ought to be to give a complete account of all the elements of thought which are contained in it, and which are capable of being separated and distinguished. Just as the whole mass of a material substance must be accounted for in the laboratory, so must the whole import of a word be accounted for in our analysis of language. Not one element of meaning must be neglected, or omitted, as unimportant. Not one, on the other hand, must be admitted from outside, not one that is extraneous—as occasionally happens even in chemistry, from the use of impure re-agents. We are to remember that what we have to investigate and report upon is a pure matter of fact, and not of any theory, or of mere opinion. The question we have to put to ourselves—for example, in the crucial case we have now to deal with—is, "What do we mean when we speak of wealth? What are the distinct and separate elements of thought which we can detect in our use and application of it? Can the general concept in our mind be decompounded and broken up into two, three, or more contributory ideas, every one of which goes to qualify or affect the whole, and to constitute its specific force as an instrument of thought?" And then we must remember, too, that the same question will, or may, arise as regards each, or at least as regards some, of the component parts. Are they themselves really elements? Are they not also compound, and must we not follow up our enquiry by a farther analysis of these? Thought is so much more subtle than any forms of sound in which it can be expressed, that this second analysis will be often needed, and words which we are all accustomed to use perpetually as so simple and elementary that we hardly ever think of defining what we mean by them, are, on reflection, continually found to be full of ambiguities which we had never before suspected.

3. There could be no better word to experiment upon than that which expresses the subject-matter of economic science. What do we mean by wealth? What are we thinking of when we speak of it? What is our definition of a wealthy nation, or of a wealthy corporation, or of a wealthy man?

Can we get at it as simply as we can in other cases where the termination of an English word in the two letters "th" converts the concrete into the abstract, and gives us a clear idea of that which is the essence of the whole vocable which precedes? Can we in this way define wealth as simply and easily as we can define length, or breadth, or strength? Length is that which constitutes longness; that is to say, it is the measure of linear extension. Breadth is the measure of that which constitutes broadness or lateral extension. Strength is that which constitutes strongness of force as we feel it in ourselves and as we see it in other things. Can we apply this very simple analysis to wealth? Can we say that it is that which constitutes weal? Do we not feel, at once, that this gives us too broad a meaning? Or are we prepared to accept it, and to follow it to all its consequences? As a matter of mere fact, is it true to say that everything which may contribute to the weal, or well-being, of a man is a necessary part of the conception we express when we say that he is wealthy? Should we call him so if he is rich only in contentment and in peace, but also poor in all other ways? And yet, on the other hand, should we not feel that we are using the word with perfect accuracy when we call a man wealthy who is very rich, but is nevertheless wanting in those other conditions of weal, or well-being, which may depend on a number of external circumstances, but which above all must depend on a contented and happy temper?

4. The moment we put these questions to ourselves we see that wealth is one of the many words which have broken away from their moorings in etymology. In rolling down the stream of time, which is the stream of human thought, it has become rounded off, segregated and separated from the rock to which it once belonged. It has been appropriated to a special group of ideas, less wide—less general—less indefinite—than those which go to make up the all-embracing conception of well-being or of weal. In short, it has become to a certain extent technical. And yet it is so, to a certain extent only. It is not cut off entirely from its old associations. It is not separated wholly from the

mass out of which it came. All its old ingredients are there only they have passed under boundaries and limitations which give to the word a special form, and adapt it to a special use. If we go to such a common authority as Johnson's Dictionary, in which refined analysis is not attempted, but where rough definitions are given that are sufficient for all practical purposes, we find that wealth is distinguished from weal by this limitation—that it is confined to that kind of well-being which is external, that is to say, such well-being as can be due to external causes and conditions. Yet this limitation fails us very soon, for it is beyond all question that some internal things, such as high inventive or artistic faculty, and many kinds of skill whether natural or acquired, are things which we can let out for hire, and which thus have a direct value in the market. We shall find it impossible therefore to keep strictly to this distinction between internal and external things unless we analyse a little farther, and distinguish again, as clearly as we can, between the things in our possession which are wealth, and the things which are only the sources of it. For this is a distinction which we recognise unconsciously in common speech. We should hardly call a great artist a wealthy man merely because he may be capable of producing pictures of great value, but does not choose to paint more than a very few. One great source of wealth was in him ; the well was there—but the bucket was seldom dipped into the water.

5. Reserving, however, for the present, this and other distinctions which farther analysis may disclose, let us now come to closer quarters with the word, and the conception, wealth, and see what we can make of it. The teaching of the older economists on the nature of wealth, has been well said by a member of the younger school, to be a teaching which defined wealth "as comprising all things which are objects of human desire, limited in supply, and valuable in exchange." * This is a fair summary, and the neatness and compactness of the definition, as also its technical language,

* 'Essays on Political and Moral Philosophy.' Second edition, by Cliffe Leslie, p. 163.

is well suited to hide its defects. But avoiding all merely technical words, we can get out of this summary a definition which is still neater and more compact. Probably many minds would be satisfied by some such simple definition as this :— Wealth is the possession, in comparative abundance, of valuable things.

6. This is very simple, no doubt, but it is far too much so. It is a general description, but it is no analysis. It uses words which need definition as much as wealth itself. What is a valuable thing? The moment we ask this question we find ourselves in the presence of a complex group of ideas. But the group can be disentangled easily. A valuable thing is a thing which will fetch a good price. But this quality in it is obviously due to the fact that it is an object of general desire. Moreover, it must be an object of desire to men who cannot get it anywhere and everywhere, without any sacrifice, or any exertion. Further, it must be a thing brought within the reach of those who desire to possess it ; and lastly, it must be desired by men who have means to buy it. All this is quite plain sailing. We take every step in this analysis with perfect confidence that so far we are treading on firm ground. It is the mere unfolding of meanings, and implications of meaning, which are wrapped up in an abstract word. The definition of wealth would, therefore, run thus :—

Wealth is—

(1.) The Possession,

(2.) in comparative abundance,

(3.) of things

(4.) which are objects of human desire,

(5.) not obtainable without some sacrifice, or some exertion,

(6.) and which are accessible to men able, as well as anxious, to acquire them.

This definition—formal as it may seem—can be expressed in propositions from which all formality disappears, and yet in which every member of it is at once recognised as the language of common sense, and of universal experience. Our possession of valuable things means the possession of things that will sell well. But things that will sell well must be things

desired by other men. Moreover, good sales are dependent on good buyers. But good buyers must be men who can afford to pay ; whilst, again, the presence of such men depends on the accessibility to them of the things they wish to get.

7. These six heads of meaning therefore seem to be the whole of the elementary ideas which go to make up the general concept of wealth. Every one of them is obviously essential ; and if any other may seem to be equally essential, it will probably be found that they are involved in, and necessarily follow from, one or other of these six ; and so, on the other hand, it is clear that the omission of any one of these would be fatal to the completeness, and to the truth of any account of the meaning of the word wealth. And even when such omission is not deliberate, but due entirely to forgetfulness, it will be liable to vitiate any reasoning on the nature and sources of wealth, including, of course, the distribution of it.

8. Now it is a fact which may well seem wonderful and even incredible, that the very first and perhaps the most absolutely essential of these six elementary conceptions—that of Possession—has been constantly, and even habitually, omitted by orthodox political economists in their definitions of wealth. It has been omitted, too, not less conspicuously, by the rebels and reformers. I do not mean, of course, that the concept of possession has been intentionally or effectively excluded. It could not possibly be excluded, if it be indeed essential. But it has been a neglected element. It has been forgotten as an object of separate recognition. The words "appropriate" and "appropriation" have indeed been often used by economic writers in connection with the idea of wealth. But there is an essential difference between these words and the word possession. Appropriation is an act. Possession is a state or a condition. Moreover, the word appropriation expresses not only an act, but an act which in the use made of it by many modern writers, has, and is intended to have, a certain flavour of wrongfulness attached to it. A fraudulent clerk is said to appropriate the money of the bank when he robs the till ; and so, in many other cases of theft, appropriation is the word habitually used to express the act. On the other hand, the

word possession does not necessarily imply any act at all, and in expressing simply a state or a condition, it carries with it rather an opposite flavour or presumption of rightfulness. Possession means, in all ordinary use, lawful and legitimate possession. And it is in this sense, undoubtedly, that it enters as an essential constituent into the concept of wealth. It is, indeed, due mainly to its very character of indispensability as an element in the meaning, that it has come to be passed over as an idea so universally understood, that any express mention of it may safely be omitted. Adam Smith's words "afford to enjoy," as attached to the necessaries, &c., of life, are words, of course, which imply and involve possession. But the idea of possession is here only an implication. It occurs incidentally as an element in "enjoyment." But although the word enjoyment covers it, and implies it, the two words are not the same in meaning. There may be possession without any enjoyment. There may be enjoyment without any rightful possession. Generally, however, not even the word enjoyment, nor any analogous word, is used to indicate, however vaguely, the fundamental idea of possession. Thus the very latest writer, and one of the ablest writers on economic science, says curtly: "All wealth consists of desirable things." And again: "A person's wealth will, in this treatise, be taken to consist of his external goods." *

9. Here we have a typical specimen of the omission I refer to. It is no intentional or deliberate exclusion. It is only that the aim of economic writers has generally been to define the kind of things in the possession of which wealth consists, to the omission and forgetfulness of Possession as, in itself, the first and foremost element in the whole conception. Yet nothing can be clearer, when we come to think of it, than that no things, however valuable, can become wealth until they are gotten or possessed. The land we tread on may be full of diamonds, or of gold, or of thick seams of coal, but none of them will be wealth to us until we hold them as our own. They are the materials out of which wealth will come when the one condition of possession has been added to the other

* 'Principles of Economics,' by Prof. Marshall (1890), pp. 106–110.

relations in which they stand to us. Yet so much is this forgotten, that a positive sense of provocation may arise in many minds when this obvious fact is stated as an objection to old, or current, definitions of wealth. Objectors will be apt to deny that anybody has ever thought of calling anything wealth unless it were possessed. The answer is, that nobody has ever done so consciously. But what has been done, and often, is to forget that valuable things, and the possession of them, form a composite conception, and that these two parts of the aggregate conception can be separated in fact, and, still more easily, in thought. It makes an immense difference in economic science if, in seeking the origin of wealth, we are compelled to begin with, and to think of, the origin of possession. It adds the whole wide fields of History, embracing at least the elements of Religion, of Ethics, and of Law, to the older provinces of our enquiry. It is in virtue of this enlarged area—this great accession of territory—that it becomes no longer a "dismal science," but one, on the contrary, teeming with the most ancient, the most various, and the very highest interests of mankind.

10. I know that giving this wide extension to the science will seem to many like the throwing down of all containing walls, and the admitting of miscellaneous ideas which are irrelevant or even incongruous. But if the idea of a true definition before expressed be a sound one, then there can be no question here of admitting this, that, or the other subject by some artificial process of selection. If wealth does certainly include Possession, and if the mental attitude which constitutes the desire of acquisition be also included in it, then we must recognise as an indisputable fact, that religious beliefs and superstitions, moral sentiments and doctrines, legal maxims and traditions, have been the most powerful of all factors alike in its origin and growth, in its advancement or decay. We cannot help ourselves. We must take what stares us in the face among the causes with which we have to deal—in the sources of origin which it is our business to identify.

11. It may well give us increased confidence in that definition and analysis of wealth which assigns such a prominent place to

the element of Possession, when we observe that it closely corresponds in all its parts to one very powerful and penetrating passage in the New Testament, which lays down a fundamental proposition in Christian ethics. That passage is the one in which the sin of covetousness is rebuked. Covetousness is the excessive or inordinate love of wealth, and in rebuking it Our Lord has incidentally given a definition of that in which wealth consists, as distinguished from the higher well-being of the man. "A man's life consisteth not in (1) the abundance (2) of the things (3) which he possesseth."* Here we see how the main force of the whole sentence falls upon the last word, "possesseth," and how the other elements—with one only left to be understood—are ranged according to that order of precedence which accurate self-examination will always also reveal to us as the order of nature, and of our own instinctive perceptions of the truth.

12. Passing now, for the present, from this first of the six elementary conceptions involved in the word wealth, we come to the second—"in comparative abundance." There is no need to dwell at length on the idea of abundance, or of plenty, as a necessary, yet mentally separable, element in the conception of wealth. It is an element so obvious, and so predominant, that very often it absorbs all our attention, and the word wealth may be used almost with sole reference to abounding quantities. Poetically and metaphorically, it may be, and has been, so applied in many different ways. The landscape painter may speak of scenes with a wealth of sky. The preacher may speak of old men as of men who have had a wealth of days. The critic may speak of great writers as having great wealth of wit, or of imagination, or of imagery, or of logical power. All such uses of the word wealth refer wholly to the element of abundance. But when we are thinking of its exact force as commonly applied to external possessions, we must remember to qualify the bare idea of abundance by the word "comparative." Because we all know and recognise the fact that possessions which constitute abundance in one condition of society, do not constitute

* Luke xii. 15.

abundance in another. What a savage would consider wealth would, to a civilised man, be the most abject poverty; and without going to illustrations so extreme in degree, it is evident that the standards of wealth, of competence, and of poverty, have varied greatly from age to age, and do now vary among living men in different ranks, and in different stages of society. The qualification, therefore, of "comparative" as applied to "abundance" in our definition of wealth, is absolutely needed in order to keep up our sense and perception of its highly composite character.

13. We now advance another step—to the third of the six elementary conceptions involved in wealth, namely, "things"—the possession, in comparative abundance, of "things." And here we encounter, at once, sources of ambiguity and of difficulty which will assuredly surprise us all, if we have given beforehand no close attention to the subject. The English word "thing" has an almost boundless variety of applications. The first idea that most naturally may occur to us, is that a thing must be some material substance—a lump of matter. Jevons has used this limitation as if it were accepted, and as if it were so clear and definite that an important reasoning can be based upon it.* Thus he elaborates an argument to show that "value is not a thing, but a relation between things." He identifies the word "thing" with an "object," and reiterates that value "is not an object at all, but a circumstance of an object." But a moment's consideration reveals to us the unquestionable fact that this assumed limitation of the ordinary meaning of the word "thing" to material objects, is not according to the common use of language. On the contrary, that common use appropriates the word "thing" to designate the most purely abstract ideas of relation—and these, too, of all sorts and kinds. All the conceptions which arise in our minds out of our own relations to external matter, and out of our perception of the relations which prevail among the physical forces as between themselves, are constantly spoken of as "things." We should naturally all speak of weight, of energy, of motion, of gravitation, and of a hundred other similar con-

* 'Theory of Political Economy,' pp. 76–78, *et seq.*

ceptions as "things." Yet every one of these words expresses not any mere lumps of matter, but certain relations between different kinds of matter, and the behaviour of them, under different conditions, as regards each other. Jevons's own attempt to disengage the idea of value from the idea of a thing, shows how instinctively he felt that, for his own purpose, the attempt was called for. The truth is that it is hardly possible to write one single page in our language, on any abstract subject, without finding the greatest difficulty in avoiding the use of the word "thing" as a generic term for all conceptions which are definite enough to be referred to as a unit in the shorthand notation of human speech. In the classical English of the Book of Common Prayer, the word "thing" is even applied to the idea of the Supreme Being:— "Thou, O Lord God, art the thing that I long for." *

14. Without, however, insisting on applications of the word which are so wide as this, it does seem strange that a writer of culture like Jevons should have forgotten that not only in common use, but in the strictly definite language of another science very closely related to Economics, the word "thing" has been appropriated to an immense class of conceptions other than those which are concerned with material substances alone. In the luminous classifications of the Roman law, the law relating to "Things" was one of the three great classes into which the subject of jurisprudence was divided. And under that head came everything that did not come under the two other heads of Persons and of Actions. All rights were "things." All obligations were "things." All duties were "things." There were "things" corporeal, and there were "things" incorporeal; and more than half of the concepts on which all civilisation depended were concepts of "things" incorporeal. It is clear, therefore, that if we wish to impose an artificial and restricted meaning on the word "thing," and to convert it into a technical term in the vocabulary of one special science, we must be careful what we are about. The chances are that, even in that science, we shall not ourselves be able to keep within the limits which we seek to impose on

* Psalm 71, 4.

others, and that we shall fall into a mixed use of the word, which will be a fresh source of confusion and of fallacy. If "objects," in the sense of lumps of matter, are the only things the possession of which constitutes wealth, what are we to call the possessions of a miser who lives in a garret but has thousands of money at his bankers', and millions, perhaps, in securities? Ought we to call him a wealthy man? And if we do, is it because we look upon money, or coin, as the lumps of matter which constitute his wealth? Certainly not. And, indeed, do we not find that one of the cardinal doctrines of political economists is, that mere money is not wealth, and this for the very reason that coins are in themselves mere lumps of matter? And then, even if we repudiate this doctrine as a quibble, the question arises, in what sense is it really true that the miser possesses his millions of coin? From year's end to year's end he may never see more of them than is just enough to pay for his meagre fare or for his narrow lodging, or for his cab fare, or for his railway ticket. The only bits of matter that really make up his wealth to him, may be a sheet of paper which shows half-yearly certain figures in a book which represent an accumulating balance.

15. I recollect once expressing, in conversation with a highland laird, much admiration of an oak copse-wood which adorned his shores. "I have been thinking," was his reply, "how well it would look in the corner of a bank account." In the form of a wooded landscape he thought of it only as a beauty. In the other form he considered it as wealth. Yet as a wood it was much more in the nature of a material substance than as it would appear as an entry in an account. Or let us take the case of a millionaire whose fortune is in railway shares, and who never spends anything on the purchase of any costly substances, or articles, or commodities. Is he not a wealthy man? And if he is, how far does a "share" fulfil the idea of an "object" in the sense of a material "thing"? The railway itself is indeed a material thing, or, rather, a congeries of material things having very peculiar relations to each other. But the shareholder can hardly be said to possess the railway; still less can he be said to possess the passengers, or the

goods, from which his dividends come. The traffic of the line is not a material thing in the same sense in which a diamond, or a potato, or an animal carcase, is a material thing. Clearly, then, a share in a railway, or in any other undertaking, is, in Jevons's language, "not a thing but a relation between things." But so are a multitude of other forms of possession which constitute wealth, as we all universally apply the word. The share of a large fund-holder in the National Debt is certainly not a material thing, yet, whatever it may be to the nation, it is undoubtedly wealth to him. A similar share in the debt of foreign nations, or of foreign companies, is not only wealth to him, but wealth also, *pro tanto*, to the nation which is his own. It is certain, therefore, that, as a matter of fact, our use of the word wealth is not confined to the possession of things which are in the literal sense material, but extends familiarly, constantly, and of necessity to relations between some such things and other things of a like kind—relations which are purely the work of mind.

16. On the other hand, we must not suppose that the result of this analysis is to throw us into complete confusion as to any possible definition of the "things" in the possession of which wealth consists. We do not usually speak of mental faculties by themselves as constituting wealth. Or if we ever do so we are conscious that we are using the word metaphorically or poetically, as when we apply it to an ample sky, or to a multitude of waves, or to a rich display of autumnal colours. As before observed, we should never call a great artist, even with the most splendid gifts and powers, a wealthy man, if he was determined to paint, and to sell, only one picture in the year, so as to live in competence, but in no abundance. Mental faculties alone can never be the things the possession of which constitute wealth, if they are not used, or used only to a small extent. And yet we may, and we do, constantly speak of mental faculties as "things," although not the kind of things which we think of as wealth. There must be some dividing line of thought, some element of meaning, that can be identified as explaining this distinction which is so instinctively recognised in the common use of speech. Nor is

it really hard to find it. In economic science we cannot confine the word "thing" to lumps of matter: nor, on the other hand, can we extend it to purely mental faculties and powers. The inference is plain. The "things" which come under the name of wealth must be mental in one aspect and material in another. They must be the results of mind operating in some one or more of its relations with the external world, so that the purely mental elements must have become embodied. Thus, for example, let us take the case of a railway share. What is it? It is a right to some portion of the profit derived from a commercial undertaking. There is no possibility of disentangling—except in idea—the mental, and the merely material, elements which go to make up this "thing." Essentially, it is a right. And a right is a highly complex conception. Only we can see that the elements in this conception, which are mental, are the dominant things concerned. First come all the necessities and desires which, in our existing conditions of society, lead men to seek the transport of themselves, and of their goods, from one spot to another on the earth's surface. Then comes the scheme of a few men to supply this want. Then comes the belief of a great number of other men in the safety of this scheme as an investment of their money. Then comes the action of Parliament in giving to this company of men certain exclusive rights over a line of appropriated land. Then comes the skill of engineers in laying out that line. Then comes the farther skill of managers in the purchase, or hire, of muscular labour to do purely muscular work, and then the furnishing the line with costly engines and vehicles of many kinds, and lastly the adaptation of the fares charged so as to pay the cost with a surplus for profit. All of these relations, and conditions, enter into the very nature of that one "thing" which we call a "share," and the possession of which does constitute wealth as we habitually use the word. It will be seen at once that, as Jevons says of the abstract idea of value, so we must also say of this particular valuable possession, that it "is not a thing, but a relation between things"; that is to say, it is not a lump of matter, but a long series of relations

between the mental faculties of men and external things, in which series the mental elements immensely preponderate over the material element in the composition of the whole. And so it is with every other commercial undertaking in which we can possess "shares." Every one of them represents a complicated relation between many material things; and that which we can possess in them is simply a right to some definite part in the return they yield.

17. Nor is it less important to observe that this return itself comes in a form which partakes of the same nature. It has been often said by the orthodox economists that money is not wealth in the economic sense. If so, then it follows that our science makes use of the word wealth in some sense which is absolutely divorced from the use of common speech. For, in common speech, we all habitually speak of great possessions in money as being wealth. And our common speech is right. For indeed, on examination, we shall find in this case, as often in many others, that the metaphysical instincts which animate and inform our common use of language, are far more subtle and discriminating than the self-conscious and artificial analyses which assume to correct it. In the first place, money is a "thing" in the most literal and material sense of the word. In the second place, it is endowed, by the general consent of innumerable minds, with that one great function in exchange which makes it an accepted equivalent for the possession of all other things that are capable of being transferred from man to man. It is true that gold cannot be eaten, nor worn as clothing, nor can it be used, as bricks and stone and lime are used, for shelter. But the universal mind of civilised men has stamped upon gold coin that great office of being the one thing in which the value of all other acquirable things can be expressed, and by which that value can be measured. It is true that this is a mental and ideal function. That is to say, it is purely the result of a general assent in the acceptance of one elementary substance as a standard of value. It is conceivably possible that some other substance than gold or silver could be chosen, and by being chosen could be endowed with

the same function. But if this were done, gold would cease to be the "thing" which now it is. It is not the substance of it as a metal that is the "thing" we speak of when we call it money. The essence of that thing lies, not in its substance, but in its function. That this function is conferred upon it by mind, and might be taken from it by the same agency, is a circumstance which does not affect the fact that it is a thing of such supreme value that, all over the world except among the merest savages, the possession of it will give us possession of food, and clothing, and shelter, and every other thing which men desire to have and to enjoy.

18. And this brings us face-to-face with the fourth of the six elementary conceptions which are involved of necessity in the meaning of wealth—namely, that element which consists in the desirability or desirableness of things. Wealth, we have said, means (1) the possession (2) in comparative abundance (3) of things (4) which are objects of human desire and of human effort. This fourth element is as essential as any of the preceding three, and yet, like one or more of them, it is often passed over as a thing of course, and one which may be safely left to be understood. Yet no one of them can less safely be omitted. When out of sight it is perpetually out of mind; whilst the power of its individuality is such, that when it is absent chaos is very apt to take its place. The possession—however complete and secure, and in whatever degree of comparative abundance—of things, however defined, can never constitute wealth unless those things (or relations between things) are objects of human desire either so universally, or in some such wide degree, as to lead other men to some effort for the acquisition of them. This is the one indispensable element in all value. And this, like many other fundamental truths which are often forgotten by abstract reasoners and philosophers, is recognised and recorded in the structure and meaning of a word which is in common use. I refer to the word "appreciate." It has come to mean almost exclusively a state of mind—that state, almost passive—in which we contemplate anything with a sense of pleasure. We speak of appreciating beauty, or the affection, or the respect, or the

sympathy, of others. In this sense the word appreciate is entirely dissociated from any idea of price, or of any equivalent in return. Yet the etymological meaning of the word is essentially that of equivalence or of price. The higher and more spiritual meaning of the word has been derived from the lower and more materialistic sense. And how has it been so derived? The answer is—Because of our instinctive consciousness and recognition of the fact that it is our appreciative desires which can alone confer the element of value upon external things. It is the desire of men to have those things which sets a price upon them. It is the mental gratification, or happiness, which men anticipate in the possession of them that induces those men to sacrifice more or less in the acquisition of them. It is that anticipation which sets a value upon them—value, which in the language of commerce is expressed by price, and is measured by the amount of price. Thus a word which, primarily, means nothing but the setting of a price upon a thing, has passed most naturally, because most reasonably, into the name for that purely mental condition or attitude of mind towards external things, from which all value comes. It is, therefore, an indispensable condition of all those things—in the possession of which wealth consists—that they should be objects of desire to other men, and of that kind and degree of desire in those men that moves them to exertion, or to sacrifice, for the attainment of possession.

19. Here, again, it may seem as if all this were too obvious to be worth the trouble of such elaborate statement, or of the emphasis thus laid upon it. But those who think so cannot have gauged the power of this truth in dissipating delusions which are as common as they are erroneous. It is most difficult to remember that everything we possess of any value depends for that value upon the desires, tastes, and powers of other men. No labour of our own—whether of hand, or of brain, or of both combined—can, by itself, put that stamp upon them, or put that virtue into them. And even when, by the desires of other men, that virtue has been put into anything we have made, or into anything which we have acquired, it

can be taken away again, and be destroyed for ever by a mere change in their tastes and fashions. All this is quite familiar in practical life; but, strange to say, it is habitually forgotten in philosophy. In practical life we know, and often refer to, the fact that our labour, if it is to be of any value, must be labour directed to "meet the market." But the market is a word that expresses nothing except the circumstances and conditions which localise or concentrate the desires of possession, and the powers of acquisition, which belong to our fellow men. The strict subordination of all value to the market which those desires and powers afford, and the uselessness of all labour which does not suit its conditions, are facts which are thus recognised in the familiar phrases of practical life. Yet in economic science, nothing has been so common as the doctrine that it is our own labour that confers value upon the things we make. That "labour" is the one great source of wealth, has been the accepted aphorism of endless writers. It has been repeated so long from mouth to mouth, and in so many forms of speech, that it has passed into the rank of an admitted truth, and is implicitly assumed very often where there is no deliberate assertion of it intended. It hurts the self-consciousness of men to be told that the work of their hands, or of their brain, however hard that work may have been, is valueless in the economic sense—can never be productive of wealth—unless its products be suited to the tastes and desires of other men. Nay more, as we have already seen that our mental faculties cannot in themselves be reckoned wealth, so we must now recognise the fact that neither can our bodily powers be so reckoned, unless they are not only put to use, but put to such particular use as the wants and desires of other men may dictate. It results from this that no man, and no group of men, can allege with truth that they, by their labour alone, have conferred value upon any thing. That thing may have grown up under their hands—as houses and ships do actually grow under the hands of skilled artificers—from loose and incoherent materials to the finished perfection of a splendid structure; and yet that structure will be valueless if, from any cause, other men do not care to possess it. It is in the con-

sumer, and not in the producer, that the ultimate result of value lies.

20. It is the well-known and familiar result of this fact that not only the things made by muscular labour, but muscle itself or muscular force, considered as a commodity or an article, or a thing of commerce, may suddenly cease to have any value—or may greatly diminish in value—because other men cease to care for the particular things which alone it can produce. And so, on the other hand, it may, and often does, greatly increase in value from causes with which the muscle-owner has had nothing to do. All this may sound humiliating to those who have been reckoning as wealth, or even as sources of wealth, the things which they possess, or the things which they have made, but have been forgetting that the whole value of these things depends upon conditions, which they may have done little or nothing to determine. This is equally true, whether those things be external possessions, or whether they be, in fact, men themselves, with all their faculties of mind and body. As to this view of it, all that can be said about it, is that if truth be humiliating, it is right and well that we should be humiliated. It cannot be well with any man, or with any number of men, to be proud of that which is not true. It is not true that any man, or any class of men, can, of themselves, make the value of anything. They may make some material things, but they can never make the value, or the equivalent, of them. They may make commodities, but never by themselves alone can they make also the market for them.

21. This truth, like all other truths which are fundamental, will be found to have extensive bearings on numerous, and only too natural, errors in economic science, and in those current ideas which have been, and are only too likely to be, at the root of much injurious conduct. But we leave these bearings for the present, in order to complete our definition of wealth.

22. We have now clearly traced four of the great leading elements which are involved in the conception of wealth, namely, (1) possession, (2) in comparative abundance, (3) of things—including both material things, and relations between them ; (4) the condition that such things must have the one

essential quality of being objects of human desire. The fifth (5) is that these desirable things are not such as can be obtained by all men equally, and for nothing—without any cost, and without any exertion. Great importance has been assigned to this condition of wealth by many of the olden school. But like other items in their creed, it has very much broken down. It has been shown clearly that it applies to very few things indeed. The common elements of nature, air, earth, and water have been supposed to represent this class of things; but they could only have been so exemplified in the eyes of those who forget the fundamental element of possession. In as far as air, earth, and water, or any other natural agency, needs to be possessed before it can be turned to use, in so far it can never be got for nothing. The mere atmosphere is the nearest approach to such a condition; yet it is only an approach. There are many conditions of life in which free access to fresh air is a difficult and costly object of desire, although enough air to carry on the functions of respiration is, of course, a necessity of bare life. But water is still more commonly a costly luxury, on the possession of which enormous sums are expended. Water used as a motor power is a most valuable possession, only, very often, to be similarly obtained. Earth, to stand on and to build upon, is still more widely, and is indeed almost universally, a costly thing. And so also of all the great physical forces—they are all only to be turned to use at the cost of great work, both of body and of mind. This condition, therefore, is really of a low value in our list of elements.

23. And so we come naturally to the sixth, and one of the most important elementary conditions which must belong to the things constituting wealth, and that is, the condition that the desire for them amongst other men must be active; not mere vague wishes, but desire rising to the level of demand—that is to say, desire which stimulates to exertion, and is accompanied by ability to acquire, and to hold, possession. No amount of desire for the things which we possess, any more than any amount of labour expended by us upon them, can confer value upon anything, unless there are other men who

are able, as well as impelled, to seek for the acquisition of them by means which are within their reach. This condition is included in the very idea of a market. If we are living among men whose standard of life is so low as to inspire them with no desire to possess anything beyond the bare necessaries of existence, we can get but little help from them in establishing any profitable industry. And even when those around us have higher aspirations, the result is the same if they have no means. If we are living among a population of paupers who have nothing which they can sacrifice, or can afford to give, in order to get that which they may desire, all our possessions and all our products, which would be wealth in another community, would not be wealth there.

24. This is a condition of the highest practical importance, because it brings us face-to-face with the explanation—how it is, and how it must be, that the wealth of individual men is dependent on the wealth of all other men around them. It must be dependent, not only, as we have already seen, upon their desires, but also, as we now see, upon the means they possess of satisfying those desires. And this condition applies equally to all the things which can be wealth, or even the sources of it. It applies especially to all our faculties of body and of mind—which will have no value among men who care nothing for their products, or who are too poor to give us anything, or any service, in return for the possession of them. It is impossible to exaggerate the significance and the value of this truth in the science of economics. It places at once on the firm basis of an almost self-evident fact the conclusion which is too often regarded as a mere sentimental theory, that the true and ultimate interest of every individual man is bound up inseparably with the interests of human society as a whole. The very possibility of wealth for all of us depends on the wealth of all other men around us. The richer and more intelligent they are, the greater will be their effective demand for all that we have to sell. Thus our true interests are universally coincident with the true interests of the society in which we live. We cannot get any wealth except by serving them, directly or indirectly; and conversely we cannot

serve them without at least promoting the means on which our own gettings must depend. It is thus not a theory, or a mere sentiment, but a scientific fact that society is an organism every part of which acts and reacts upon each other and on the whole.

25. It has been usual with economic writers, to fix the eye on two other conditions as necessary in the things of which the possession can constitute wealth. One is, that those things must not be so common as to belong to everybody, and the other is, a consequent condition, that those things should be sufficiently desired as to be the subjects of exchange. But on close examination we shall find that these circumstances or conditions are—in so far as they are correct—included in one or other of the six leading conceptions above given. As above explained, things, such as the atmosphere, which are supposed to come to all men equally and universally, cannot be said to be "possessed" by any one, in the common and true sense of that word. And farther, we find, as also explained above, that in all the special cases where such things can be said to be possessed in the true sense—that is to say, when they can be held and enjoyed in some exceptional measure or degree—they do at once become valuable "things," and are reckoned among the things of wealth. Fresh air, for example, can be possessed in special degrees in dense cities where it never has been, and perhaps never can be, equally enjoyed by all. And when this happens, then any site which affords special access to the fresh air becomes at once a marketable thing, and takes its place with other things as materials of wealth. As to exchangeability, this condition belongs to the different modes in which the possession of things is acquired. It will fall to be considered when we turn back upon that primary conception, and trace its meaning on economic science.

26. It is in connection with this idea of the quality of exchangeability being essential in the things constituting wealth, that an elaborate distinction has been drawn between what is called "value in use," and "value in exchange." But this is a distinction almost wholly artificial, and the little truth that

remains of it when analysed is fully provided for and included within the six great leading conceptions which have been here defined. It is true, of course, that a man may conceivably possess some one, or more, things, which are of no use to any human being except himself. But if so, then those things do not fulfil the condition of being "desired of men." They are either not objects of human desire at all, or else they are so far beyond the reach of other men, that they stimulate to no effort, or induce to no sacrifice, for the possession of them. Both these conditions, however, according to the two last of our six definitions, are excluded from the things constituting wealth. On the other hand, it is to be remembered that things to which such sterile conditions apply indelibly are extremely few; that they are, in fact, mere theoretical possibilities. Above all it is to be remembered also, that many articles to which such conditions of sterility may apply to-day, may be —by purely external circumstances—removed from the list to-morrow. A new population may surround the man who possesses them, a population which may eagerly desire to have them, and may be willing to sacrifice much to obtain them. Thus all commodities which are of value in use to one man, are liable, from mere change of circumstance, to become valuable in use equally to other men, and thereby to acquire value in exchange. In fact, exchangeability is merely one of the innumerable forms of "use," so that value in exchange cannot be separated, generically, from value in use, being, in fact, nothing but value for one particular kind of use—a kind which in its own nature includes many other kinds. In like manner it will be seen that our definition of wealth supersedes much that has been written about a distinction between a demand for anything, and what is called an "effective demand" for it. This distinction is provided for in our definition, in so far as it is a distinction of any real value. The truth is that a strictly accurate use of language would make it needless. Vague aspirations not leading to any effort, are not, in the full sense of the word, desires, still less do they constitute that which we all mean by the word demand. This word in itself has the force of a

desire so strong, and so definite, as to lead to effort and to sacrifice. In such a desire no element is wanting to constitute an "effective demand," unless it be the possession of things which can be sacrificed, or of powers of muscle or of mind which can be exerted, in the work of acquisition.

27. It is to be observed, however, that although the phrase "effective demand" is one which casts no light upon the causes or sources of that effectiveness on which it dwells so emphatically, yet when these causes and sources are recognised separately, as under our definition they are unfolded and explained, the phrase is a convenient one as laying a great and a true stress upon that on which all value depends. The things, in the possession of which our wealth consists, are not necessarily the things on which we have spent much, or even any, labour; neither are they necessarily the things which are very rare. But they must be, of necessity, and in all cases, things for which there is, or for which there may at any moment be, an effective demand coming from other men. It is their desires which confer all value upon those things; and if our labour contributes to the result, it can only be because that labour has been expended well, and wisely, in subordination to those desires.

28. When we are dealing with an aggregate of conceptions such as those involved in the word wealth, it can never be strictly accurate to say of any one of them that it is more essential than any of the others. Every part of the aggregate must be equally essential, or else it ought to be taken out; because a true analysis ought never to insert any element which does not belong, of necessity, to the complex whole. But although there is no stone in the building of an arch which is not essential to the stability of the structure as a whole, although every one of them bears some portion of the thrust, or strain, or pressure, which it is the common function of them all to hold in equilibrium, yet, nevertheless, there is always one stone which from its position is called the keystone, and without which, in its right position, the other stones could not perform their own several parts. And so it may be with the several concepts which go to make up the meaning of a word like

wealth. There may be one concept which occupies the centre, and on the strength and on the position of which all others must depend for their coherence and effect. Now, if there be such an element in the meaning of wealth, as we have defined it, that element may be said to be the conception which makes the desires of other men the centre and the seat of value. For this is the element in things which can alone bring them within the category of things constituting wealth. Yet this is precisely the element which is apt to escape us, because it is among the conceptions which are generally left to be understood. What we, as individuals, have done in the way of work, whether muscular or mental, is too near to us to be thus neglected. It bulks largely in our consciousness, and so we are apt to feel and to think that it is our own work that has given value to the things which we have made, or which we have otherwise come to possess. But whether we remember it or not, the governing element in value is the market. And the market is merely one compendious word for the desires and powers of other men in all their complex relations to what we may have made or acquired.

29. There are many men, however, who see this truth very clearly as regards the possessions of their neighbours, but who forget it altogether as regards their own. They think that whilst the value of particular kinds of property or possession which they see in the hands of other men, is a value obviously due to external causes, the value of their own possessions is as clearly due to their own exertions. But this is a pure delusion, and is the greatest of all delusions as applied to the wealth of those possessors in whose conceptions it is most apt to arise. Neither our hands nor our heads can give value to anything which other men do not desire to have. It is they, and they alone, who "appreciate" things. If it be muscular power that we possess, and that we have to sell, it is of no value at all unless other men are desirous of employing it, nor unless it is employed in subordination to their tastes. If it be some special skill, involving both mind and muscle, that constitutes the only valuable we possess, then also the whole of its value depends on what other men will give for the

possession of its products. To-day that value may be small, although our own exertion may be great. To-morrow, it may be multiplied many times from causes independent of us, and although our own exertion may be even far less than it had previously been. This is not a rare contingency, for which we have to seek any far-fetched illustrations; it is the commonest of all the facts of our daily life. When the wage-earner is asleep, the genius and the enterprise of other men may be, and continually are, conceiving new desires, and devising new means for the satisfaction of them, which will cause an "effective demand" for the sleeper's muscles, and will raise the value of them, perhaps, many fold. In these conceptions of genius, in the patient toil of thought and of experiment which is often expended upon them, the wage-earner has neither part nor lot. Yet they are the efficient causes of some great rise in his wages, or of some large and lasting opening of remunerative employment. This is a constant and familiar experience. And so it is—but in no other way, or degree, is it—with all kinds of property or possessions. They all vary in value with the market, and those who make or possess valuable things do not also make the market for them.

30. If there be any exception to this law, it is an exception belonging to labour of the mind. Those who by some stroke of invention evoke a new taste, and who also produce something to satisfy that taste, do in a sense both make the market and supply it. This, however, is a rare case. The almost universal fact is that the whole value of things depends directly on the consumer, that is to say, on his known tastes and desires and capacities of acquisition. But though applying equally, in principle, to all kinds of possession, it is important to observe the fact that this truth is most unmitigated and unqualified in regard to that particular kind which is least conscious of it—namely, the possession of muscular or mere physical strength. If the things which a man possesses be cattle, or sheep, or horses, or houses, or farms, he may have, and very often he has had, a shrewd guess, when he acquired them, as to those probabilities of the market which would largely increase their value. Nay more, he may have done

much himself to meet that market, and so to influence that rise in value which, under given conditions, he could foresee. But if the thing which a man possesses be nothing more than his own physical strength and some average handiness in using it, then its increased value is almost always due entirely to causes which he has no share in bringing about, and which, very often, it is impossible for him even to foresee. "Matter moved through space" is, in pure physics, the definition of "work done." But matter moved through space has no economic value whatever, unless the matter is moved in a right direction. And a right direction means a direction going to meet the fore-calculated and foreseen desires of other men. There is, however, much more to be said on this part of the subject, to which we must return in the proper place. At present we are concerned with it only as emphasizing that item in our definition which absorbs into itself, by explaining, the old idea, and the orthodox expression, of an "effective demand" as being essential to the things constituting wealth. It is enough, for the moment, if we see how wide the sweep of this part of our definition is—into what long avenues of thought it leads us—as we shall find that all the other members of the definition also do.

31. Nor can there be a better indication of this splendid breadth of horizon, than a suggestion which must occur to us when, once more, before we proceed farther, we recall the words of our definition as a whole. Wealth, we have said, is the possession, in comparative abundance, of things which are objects of human desire, and which are desired by men who are not only willing but able to acquire them by some exertion, or by some sacrifice. Let us take another turn round the walls of this definition, and see whether at any point they are open to assault. There are two testing questions which we should always put to every definition of a complex word. The first question is—does the definition take in all that ought to be included? That is to say, does it cover every possible or conceivable case to which we should naturally apply the word? The second question is, perhaps, a still more searching one.

Does the definition include any case which is not contemplated —any case to which the word would not naturally apply—any case which may even be specially incongruous and alien to the conception as naturally understood ?

32. Now, on asking these two questions respecting our definition of wealth, we shall find that to the first of them it gives a satisfactory reply. It does cover and include every conceivable case, or kind, of wealth. No kind of possession which can possibly constitute wealth, can be left outside by the sweep of our definition. But to the second question no such decisive answer can be given. Without some amending or qualifying word, the definition may include some cases and kinds of possession which most certainly do not constitute wealth, and are even destructive of it. There are some things which, as a matter of fact, are objects of human desire, the possession of which can never be counted as wealth. The scalps and the skulls of enemies are the most coveted objects of desire to not a few savage races. For the possession of them these savages will go through any exertion, and submit to great sacrifices. Yet this is a possession which can never constitute wealth. On the contrary, it represents desires which must always be fatal to the very possibility of wealth being attained. Wherein, then, is the fault of our definition ? The reply is one which teaches us a great lesson. There is no branch of science which is more than the word "branch" implies ; none which, if traced far enough, does not join some larger bough, and then finally some central stem. There is no science which does not touch other sciences at more than one point of contact. No true definition can conceal this fact. No definition, if it be indeed a true one, can be independent of qualifications due to the interference of adjacent truths in a different, yet cognate, sphere of thought. And so it is in this case. Our definition would be perfect if the sphere of Economics could be cut off completely from the sphere of Ethics. If man's nature were indeed natural in the sense of being in conformity with the supreme laws of nature, then all his desires would be conducive to his welfare. All the desires of the lower animals

seem to be in this relation to their welfare. But in view of the fact that it is not so with man, we are compelled to put in a qualifying word so as to exclude desires that are vicious, monstrous, and destructive. The corruption of our nature is not a dogma in theology. It is a fact in natural history. It is the profoundest of all mysteries. Economics, it is true, constitute a science which has nothing to do with any explanation of it; but like every other science, it must recognise facts. And, therefore, it is absolutely necessary that the word "legitimate" must be inserted in our definition as qualifying "objects of human desire." What is, and what is not, legitimate, admits of no mere verbal or abstract definition. We may translate it, if we like, in the terms of the Utilitarian Theory of Morals. A legitimate desire is a desire which does really contribute to the "weal" of ourselves and others. This will do well enough. The doctrines of an Independent Morality are coincident in result with the higher forms of the Utilitarian system. The welfare, or the weal, of man, is coincident with his obedience to the laws of nature, which are the laws of God. And, conversely, the laws of our true nature and of our higher reason are coincident with the laws, and conditions, of human welfare. All that we need in the way of qualification to the bare words of our definition, is to exclude desires which are, beyond question, destructive and corrupt. But this qualification is absolutely necessary; because destructive and corrupt desires, which lower man far below the level of the beasts, have been common and persistent in the history of almost all races. J. S. Mill knew this as well as any man, and no Christian theologian has expressed it more pointedly or emphatically than he. "The most criminal actions are, to a Being like Man, not more unnatural than most of the virtues." * Such is his terrible, but only too true, indictment against the corrupted nature of Man. And yet something does tell us that it is corruption, and that, in a sense, it is unnatural. But at least we must guard against the wide breach which this fact would open in our definition for

* 'Essays on Religion,' p. 62.

the entrance of incongruous ideas, unless some qualification be added which may keep them out.

33. Our definition, then, would stand thus: Wealth is the possession, in comparative abundance, of things which are legitimate objects of human desire, and are desired by men who are able, as well as anxious, to acquire them at the cost of some sacrifice, or of some exertion.

## CHAPTER III.

### THE POWER OF DEFINITIONS.

1. It might seem an elementary truth that we must know what a thing is, before we can successfully push the farther question whence it comes. We must recognise the nature of a thing before we can reason on its origin or its source. And most especially does this truth apply, when the thing about which we reason, is a highly complex group of ideas rounded off and isolated into one general concept by the synthetic powers of speech. Hence the imperative necessity of clear definitions in all branches of philosophy. It will be remembered what our demand has been as to the true nature of an honest definition. It is a demand founded on the great truth, that words are not the result of accident, and are not to be treated with caprice. Our demand has been that the definition of the abstract words which express any aggregate of ideas, ought to be a pure matter of fact, and not at all a matter of opinion. We have no right to intrude our own opinions upon them. A higher authority than our own has made them what they are —namely the speech-making faculty in man. Our demand has therefore been that the analysis of an abstract word, in the reasonings of philosophy, ought to be a process as accurate and as faithful as the analysis of a compound mineral in the laboratory of a chemist. It is the duty of a chemist to give a complete enumeration of all the elements which a stone or an ore contains—nothing more and nothing less. Exactly the same duty lies on us in the analysis of a word like wealth. It is our business to bring out, into the light of separate recognition, every distinguishable element of thought which it contains. We should leave out none that can be recognised

as distinct; whilst, on the other hand, the presence of each one of these, when it has been pointed out, ought to be instantly apparent, as an element undoubtedly contributory to the meaning of the whole.

2. This, accordingly, is the claim we make for that definition of wealth which we have now reached. It is a pure matter of fact that the element of Possession is always present. It is a pure matter of fact that the element of comparative abundance is present also. It is a pure matter of fact that the "things" which are the objects of possession in wealth, are not mere lumps of matter, but include all those relations between outward things and ourselves, which, in boundless variety, are habitually referred to under the wide use of that common word in the English language. It is a pure matter of fact that the one only limitation upon this category of the things in the possession of which wealth consists is the limitation that they must be objects of legitimate desire to other men. It is a pure matter of fact that the quality of this desire must not be that of mere faint wishes or aspirations, but such a desire, in measure and in kind, as to impel men to exertion and to sacrifice for the obtaining possession of the thing desired. It is a pure matter of fact that this kind and measure of desire—constituting a market or an effective demand—resides in the tastes, in the aspirations, in the character, in the aptitudes, in the energies and needs, bodily and mental, of the society in which we live.

3. And now let us ask what we have gained by this definition of wealth. Surely that gain is obvious and immense. Never was there a more searching light thrown, by any process so simple, upon the direction, the methods, and the scope, of a great inquiry. It follows from the definition that if we seek the sources and origin of Wealth, we must seek, in the first place, for the sources and origin of all possession among men. We must seek, in the second place, for the causes productive of relative scarcity, or of comparative abundance. We must seek, in the third place, for those relations which prevail between our own various needs and the materials supplied for the satisfaction of them in the external world. We must

seek, in the fourth place, for all those causes which limit, or expand, or shape, or control, the desires of men.

4. Was there ever such a rich and various field opened before the eyes of any science? And yet it has been so treated as to appear to most men a "dismal science"—poor, narrow, naked, and shrivelled—separated from all that makes the interest, and the poetry, and the affections, and even the duties, of human life. But now we can see at a glance how badly it has been taught—how unphilosophical and unscientific has been the handling which has presented it in this light to men. By means of a simple analysis, setting forth in their natural order, the elements of thought which are, as a matter of pure fact, included and involved in the very idea of wealth, we now see that there is nothing in the whole history, or in the whole nature, of man, which can be wholly outside the limits of our science, whilst all the vast domain of external nature in all its relations to us—to our needs—to our aptitudes—to our desires—is indicated as the special province of our investigation.

5. And if now we compare this definition with other definitions which have been given, we shall see, in a still more striking light, the value which belongs to it. Perhaps the utter vagueness of the words used, incidentally but repeatedly, by Adam Smith, as a general indication of what he meant by wealth, makes them better and safer words than those of later writers, when they have attempted any definition at all. "The necessaries, conveniences, and amusements of life" are certainly wide enough to take in anything, provided the one fundamental element of Possession is remembered as an element left to be understood. They are words which may comprehend all the things, and all the relations between things, which can make them objects of human desire. But on the other hand the utter vagueness of the words does not serve the purposes of a definition at all. They constitute no analysis of thought. They do not bring out into the light of separate recognition the really separable elements in the complex idea of wealth. They give, therefore, no direction to the mind in the order and methods of economic inquiry. Indeed,

they were not intended, or thought of, by the author, as serving such a purpose. They are mere colloquialisms, pretending to no accuracy of thought, and were not even suggested by an idea that any such definition could be needed for a most familiar word.

6. But no definition at all is far better than a bad one. And the definitions of later writers, professing to be accurate and sufficient, have been not only most defective, but often positively misleading. They not only fail to give a complete list of the separate elements of meaning which are unquestionably present ; not only do they omit one or other which is essential, but they lay stress on elements which are not of generic value, whilst passing confusedly over those which are distinctive and of the highest separate importance. They invariably omit Possession, that is to say they forget it as an element demanding special recognition. They leave it in those profound shadows of things forgotten, out of which it is the whole business of analysis to bring and to rescue the conceptions that are fundamental.

7. But this cause of error in the definitions of wealth, depending, as it generally does, on mere forgetfulness, is not the only cause, nor is it the worst of the causes, which damage those definitions, and make them either useless or misleading. The most vitiating cause of all in such definitions, has been the influence of preconceived theories as to the sources of wealth, leading men so to adapt their definition of that in which wealth consists, as to suit their own peculiar theory respecting the sources from which it comes. In short, they forget that—on which we have most insisted here—that the function of a true definition—the work of a true analysis, is to set forth facts, the whole facts and nothing but the facts, touching the mental contents of any given abstract word. We have no right to manipulate these facts, either by addition, or by subtraction, or by mere omission of elements left to be understood.

8. Even, however, when a definition or analysis is really complete, and when no bias has been allowed to suppress anything that is really present in the meaning of a word, one man

may lay more stress on one, or more, of its elements, whilst another man may have a like preference for others of the number. But such preferences are matters of argument to be separately considered. They may be more or less justified from special points of view, but they do not vitiate any definition which is, as a whole, honest and complete. On the other hand, all preferences for one element of meaning, which lead to the omission of any other element in its due place and order, is a fraud upon ourselves and others, striking at the very roots of the scientific treatment of any complex subject.

9. It is in this way that some of the most bald and meagre definitions of wealth have been given, and have to be accounted for. Thus, for example, a particular school of thought is disposed to lay special stress upon, and to assign a disproportionate value to, mere muscular strength or effort, which they call "labour," as the one great source of wealth. The immediate temptation of this school is to cut down the definition of wealth to the most materialistic elements in the conception, in order to prepare the way for tracing it to the most purely mechanical or materialistic sources. Hence comes a definition of wealth by a writer of this school, which is perhaps the crudest and rudest ever presented in the name of science. Wealth is, according to him, "matter of the Universe worked up into desirable form."* Here we have a very clear expression of that idea of the things in the possession of which wealth consists—an idea which limits those things to lumps of matter and to that still lower idea of human agency and work that limits it to the shaping of those lumps into some new form, by muscular exertion. But writers of much more accepted authority have really been hardly less crude in their conceptions of that in which wealth consists. Fawcett, who represents the latest and most amended forms of statement derived from old orthodox economists, speaks of wealth as "commodities possessing exchange value."†

10. It is not astonishing, but only natural and even necessary, that a science which, perhaps of all others, is the richest in

* Henry George. 'Progress and Poverty,' p. 132.

† 'Political Economy,' p. 6.

every variety of human interest, should become a most dismal science when its fundamental conceptions are brought under such treatment as this. They are reduced to dry bones indeed. A few outward incidents or characters affecting wealth, are selected out of many others, and are put forward as representatives of the whole. Whereas these selected characters are, for the most part, of merely superficial and secondary importance. They are the mere consequence of other characters far more deeply seated, and which, unlike the selected ones, lie in the region of ultimate facts, and of really efficient causes. That all human possessions must, occasionally at least, find some embodiment and form in "matter of the Universe," is indeed a truth. But it is a barren truth as regards the nature, and as regards the sources, of wealth. It is equally true of the Being who possesses, as of the things which he can possess. The mind of man with all its capacities and desires is, in this world, inseparably bound up with his bodily frame, which is matter of the Universe. Moreover, it is a truth that this matter, in man himself, is "worked up" into shapes and forms which are in the nature of adapted structures, and that, apart from these structures, its mental functions cease. Farther, these functions are "exchangeable." As a matter of fact, they are marketable things. It is in passing along this avenue of thought that we may find ourselves landed in the conclusion that "labour," in the sense of human muscular power, is itself a commodity, as much as the lumps of wood or the blocks of stone upon which it may be expended. And from some points of view—which, however, are all provided for, and included in, our own larger definition—this is a perfectly correct conclusion. But nothing can be more alien than this conception to the theory of those writers who have adopted such narrow definitions of wealth. They seek to trace all wealth to what they call labour only, and are repelled by the idea that labour is itself nothing more than one of the many "commodities" in the possession of which wealth consists. Yet nothing can be more certain than that the whole bodily frame of man, with all its faculties and powers, comes under the definition of "matter of the Universe worked up into desirable form." Nothing can

be more certain as a matter of fact, than that in this capacity, man, or human labour, is an article of commerce, which, historically, was obtainable by actual purchase during the long ages in which slavery prevailed in the world, and which is obtainable now by hire, in every country in the world. This exchangeability of man-power, as also of horse-power, is one of the necessities of human life, and of all economic work. Thus we see that a definition drawn up with the sole idea of setting forth human labour as the one great source of wealth, ends in assigning to human agency no higher place than that of a machine, or indeed of any other chattel. There is obviously no guidance here. It is abstract in a sense and in a degree which makes it useless as a true analysis—not because of the fact that it is an abstract, but because of the fact that it is a bad abstract of the conceptions which it professes to separate and assort.

11. In like manner we shall find that the orthodox definition of the sources whence wealth comes, has been affected by the badness of the preconceptions as to that in which wealth consists. Thus, for example, it has been laid down, as if it were an indisputable or self-evident proposition, that the three great sources of wealth are—Land, Labour, and Capital. Nothing, perhaps, even in the history of our "shattered science." is more astonishing than the wide acceptance which has been given to this famous formula. It is obnoxious to every possible objection that can lie against a scientific definition. It not only consists in ambiguous words, but it depends, for any plausibility it may have, upon the use of these words in senses which are unusual and unnatural. "Land" cannot mean, as it usually does, the mere soil, or some particular area of earthly surface. "Labour" cannot mean, as it usually does, mere handiwork. "Capital" cannot mean, as it usually means, and can only properly mean, the mere storages of wealth already gained. Thus each one of these three words must be artificially extended into meanings other than those which it immediately suggests. Land cannot mean the mere soil considered in itself alone, because the soil without many adjuncts and many agencies external to itself, is inert and valueless.

Land must include the sea, and water in all its forms. It must mean the whole earth and air and ocean. It must mean the great agencies of heat, light, and electricity. It must mean that mysterious medium which seems to pervade all space, and is the vehicle of those agencies to us. It must mean "the sweet influences of the Pleiades," if there be any such. It must mean the energies of the sun, on which all life depends. It must mean all those latent and inconceivable preparations upon the earth which alone make it responsive to these energies, and to our own delegated powers. Above all, it must include and pre-suppose everything which gives access and which secures possession. In short, the word "land," as used in this formula, must cover and include all that Moses included in the noble words of his blessing upon the tribe of Joseph, as recorded in the book of Deuteronomy: "Blessed of the Lord be his land, for the precious things of heaven, for the dew, and for the deep that coucheth beneath, and for the precious fruits brought forth by the sun, and for the precious things put forth by the moon, and for the chief things of the ancient mountains, and for the precious things of the lasting hills, and for the precious things of the earth and fulness thereof, and for the good will of Him that dwelt in the bush."* For unless "land" be taken as meaning and including all these things—unless we mean by it in short the whole external world, in all its relations with mankind—the word fails altogether to represent, as it professes to do, all that does not come within the head of labour. In like manner, unless "labour" be taken as meaning and including the whole mental as well as the whole bodily activities of men, unless it represents the internal world in all its relations with nature, unless it includes all its desires, its aptitudes, and its powers, whether latent or developed, there is again in this word, a total failure to express the facts. Then as to capital, the word properly means and can only mean, the storages of wealth already acquired, and can therefore have no claim whatever to rank as a coefficient cause, or source, of wealth on a level with the two other vast but vague conceptions—of the whole external, and of the whole internal,

* Deut. xxxiii. 13–16.

world. We must not allow ourselves to be confused by that other and metaphorical use of the word capital, by which it is not only so extended as to include the owners or possessors of capital, but is even specially appropriated to such persons as a class. In this sense, of course, capital becomes a mere synonym for human energies and labour. But when we keep it to its literal sense, it is simply the abstract word for wealth when not spent, but stored. In so far as capital must have some form or representation in material things, it belongs, therefore, to the category of Land—in the sense in which that word is used as including all the "matter of the Universe;" whilst in so far as it represents, as it eminently does, the mental work of saving and of thrift, capital belongs pre-eminently to the highest sphere of Labour. The enumeration, therefore, of Land, Labour, and Capital, as the threefold source of wealth, is an enumeration full of the most subtle confusions of thought, which are in the highest degree misleading and deceptive. It is an enumeration full of that greatest of all the faults which have reduced economics to the condition of a shattered science —the fault, namely, of eliminating, as far as possible, the immaterial and mental elements in the true conception of wealth, and in the true understanding of its sources. Without actually asserting that wealth consists in lumps of matter shaped by the energies of muscle, it goes down as near as possible to the low level of this conception, and selects words which are naturally suggestive of it.

12. We have only to consider the real nature of many forms of wealth, and to try how we can bring the sources of it under this enumeration, in order to see how artificial it is, and how coarse. Let us take some great work of pictorial art which may be worth a fortune, and the possession of which alone may constitute a large amount of wealth. In what sense is "Land" even one of the sources of that wealth? It is true that the artist must have had a house to live in, and the house must have had some area of ground to be built upon. He must have had some canvas, or some piece of old wood to paint upon. But a wooden panel is the slice of a tree, and every tree has grown upon some bit of land. And so a canvas

is made of linen, or of cotton, or of some other fibre, and the plants or animals which supplied the raw material must have had some land to grow, or to feed upon. Again, the artist must have pigments to paint with, and all pigments are derived from the mineral or from the vegetable kingdoms, both of which are either parts of, or products of, the materials of our planet. But in what measure or degree can any, or all, of these things be reckoned as the sources of the value of a great picture? It is, undoubtedly, in all its substance, a material thing. It is "matter of the Universe." It is a pellicle of paint spread out on a surface of another kind of matter. Therefore it comes from "Land." This is far-fetched indeed—a barren conception useless for any purpose. This is but one of a thousand cases in which wealth touches matter only, as it were, by the hem of its garment. That in which it consists, and on which it most essentially depends, is the possession, not of things in the material sense, but of relations between a multitude of things, most of which belong to mind. Such is the confused and confusing jumble of ideas into which, by the weapon of analysis, we reduce this famous formula of Land, Labour, and Capital, as the three great sources of wealth.

13. And this is a great lesson on the law which must govern all useful definitions. We must avoid, in definitions, the use of words which are so ambiguous that they themselves need definition perhaps far more than the abstract idea which they pretend to explain. The word "land," when used to cover and express the whole of external nature, in all its varied and complicated relations to men, is a word torn from its common use, and selected as if on purpose to conceal the facts with which we deal in using it. In like manner the word "labour," when used to cover and express the whole internal world of our human nature, and every form of human activity both of mind and body, is a word equally calculated to conceal from us the supreme agencies in economic causes and results. In common parlance it is almost universally appropriated to one form of human activity or energy, and that is the energy of muscle. And although it may sometimes be used as applying

to brain-work, as well as to handiwork, the use of it in this sense is universally felt to be in some degree metaphorical. The consequence is that in the common language of politics, and even of professedly philosophical discussion, "labour" has come to be the word habitually used as the special abstract designation of the wage-earning classes—that is to say, of the classes who live by muscular exertion, directed by more or less of mechanical skill. Thus, even Jevons opens an important economic inquiry by a frank intimation that "labour" means, in his idea, "the operative or handicraft classes."* There may be no harm in this so long as the narrowness of the meaning is remembered, and so long as the application of the word is correspondingly restricted. But when the word labour is used in this restricted sense, it absolutely ceases to be true that labour is the one great source of wealth, in the sense of representing the most efficient of its causes. The activities of mind are far more fundamental, and far more deeply operative, so much so that whilst these intellectual energies can never be superseded or dispensed with, mere muscular labour can be, and is constantly, more and more, being superseded in its work by machinery, that is to say, by mechanical contrivance, which is purely a product of the inventive faculties.

14. But bad as the classification is which lumps together under the word land, all that constitutes the external world to us, and under the word labour, all that constitutes the internal world of mind, it is not worse than the classification which uses the word capital as a co-equal of these, in a trinity of economic causes. Capital is essentially a consequence, and not a cause. It is nothing but a product of the other two great sources of wealth; namely, the energies of man, and the working of these on the materials of external nature. Capital is characteristically a product of mind. To save and to store, is essentially the work of purpose and intention. That which alone discriminates between wealth used as income, and wealth used as capital, is nothing but the design and foresight of the man to whom that wealth belongs. Capital is not a mere source of wealth; it is simply another word for wealth

* 'The State in Relation to Labour,' p. 1. (1887).

itself, when put to a particular kind of use. If a skilled mechanic for example, earns by the work of his hands forty shillings a week, and if he determines to live on thirty shillings only—saving and storing the remaining ten shillings—that storage acquires the character, and comes under the name, of capital. But this character belongs to it solely as the result of a mental act. In its outward form the storage may be "land"—in the sense of being material. But in its real nature it belongs to labour—in the sense of embodying a mental purpose. It is a mere confusion of thought, therefore, to speak of capital as a separate conception from other products of the interaction of mind and matter. There is a sense, of course, in which we may say that wealth is a source of its own increase, just as the labour of any one man is a source of farther employment to himself as well as to other men. The labour of navvies and of plate-layers in making a railway is, in this sense, a source of farther labour to the drivers, and firemen, and guards who work the line. But the work of both belongs to the same category of labour, and they cannot be discriminated into two categories as generically distinct, the one as a cause, and the other as a consequence. So, neither can the mental work of saving—that is of thrift and foresight—be discriminated from the other forms of mental work which also must all come equally under the name of labour. Land, labour, and capital, therefore, as a list of the sources of wealth, become, in other words, a list consisting of matter, mind, and the result of one particular exercise of mind. But this is clearly a bad and illogical classification, proceeding from confusion of thought, and leading directly to farther confusions of thought, and to corresponding anarchy in conduct.

15. What, for example, can be worse in its practical effects than that common distinction, or antithesis, which we see every day expressed or assumed in newspaper headings, between "Labour and Capital?" If it means anything definite at all, it means a fundamental distinction between muscular and mental labour. It means the exclusive appropriation of the word labour to the labour of the hands, and the elimination from it of all the energies of the brain. But this is the master

fallacy. When the older economists spoke of labour as the great source of wealth, they never intended deliberately to use the word in this maimed and restricted sense. They knew, theoretically at least, that unless the word labour be used as covering and including all the energies of man—mental as well as, or even more than, bodily—it ceases absolutely to be true that labour is the great source of wealth. But unfortunately they forgot that human speech, if powerful to instruct, is also powerful to deceive. They forgot that, in the use of words, the visible and material elements of meaning are very apt to engulf the invisible and the immaterial. The consequence is that, constantly, even in writings of authority and repute, labour came more and more to be used for manual labour—especially, if not almost alone. This accordingly is the sense in which it is now habitually used—as in the current phrase "Capital and Labour." Yet nothing can be more certain than that capital is the embodiment and representative of the very highest kind of labour—namely that in which the mental energy of forethought, expresses itself in the savings and storages of wealth already acquired. Nothing can be more certain than that mind is the *primum mobile*—the one great moving power—in the whole system of things in which we live. Matter, and such energies as exist in material forces, are its servant, and not its master. Visibly, and almost palpably, it is so—in all the activities which are the sources of wealth. The men who do work in the physical sense of moving matter through space—the men who handle the pick and the shovel—may think and say that they make the railway, and so that the wealth it yields is wealth made by their labour. But they forget that the sources of all value in their labour have been the mental work of those who conceived the design—of those who had the skill to engineer it—of those who had the enterprise to risk their own precious earnings and storages of wealth, on a calculation of its results. The muscles of the navvy are his own exclusively, and the work they do is an indispensable factor in the combined result; but the wages which these muscles can earn, come ultimately from the previous brain-work of other men.

16. The deceptive character of the distinction between Labour and Capital—that is, between bodily and mental work—is further apparent when we recollect that capital is always the joint result of both. There is no kind of bodily labour, however rude, by which a man can earn wages, that is wholly separate from some degree, however small, of mental work. Skill, of some sort or degree, must direct our hands when we earn any profit by them. But skill—even the lowest degree of it—belongs to the category of mental labour. And then, the kinds and degrees of skill are almost infinite. Sometimes, work which seems the most purely mechanical, may need for its due performance an amount of skill wholly unsuspected by those who have never tried it. Stonebreaking, for example, for the manufacture of road-metal, is one of the mechanical works given in the wards of a workhouse as a labour-test which can be applied to any one. Yet it is a fact that the best stone-breaking is a skilled labour. Measured by the amount of work done in a day, one man will surpass another by a large percentage. Every different kind of rock has its own lines of cleavage, or of least resistance to the impact of the hammer. It needs observation and experience to distinguish these. Thus, besides the muscular effort needed to wield the hammer with a certain frequency of stroke, there is great skill in the accurate direction of it. It is the same thing with an infinite variety of handicrafts in an infinite variety of degrees, from the skilful handling of a spade or of a pick to the most dexterous work needed in the manufacture, for example, of fine scientific instruments, or to the taste and refinement needed in one of the oldest handicrafts in the world—that of producing beauty and perfection of form in ornaments of gold and silver. It is in this element of skill—rising as it sometimes does to the level of genius—that all the dignity of labour lies. And if the wealth, or in other words, the earnings, secured by labour of this high class, be handed over, as it were, to the care of those other mental faculties which go to make up the great gift of forethought, then those earnings become what is called capital—differing in no essential element from the valuable and beautiful things of which it is the storage or equivalent, and

which, if they had not been stored, would have passed into immediate consumption. Every man who saves a sixpence is, in his degree, a capitalist ; whilst, at the same time, every man who makes or adds to the storages of wealth, is in a very high degree, a labourer.

17. Before passing from our analysis of the famous formula which specifies Land, Labour, and Capital as the three great sources of wealth, it may be well to point out that an amended version of it is possible. There is a universal disposition in the human mind to invent such formulas as setting forth the root-ideas of complex phenomena. There is no harm in this disposition, if the indulgence of it does not lead, as in the present case it has led, to bad abstracts and to confused classifications. But if the abstracts be really good, and if the lines of classification do really mark true lines of division in the nature of things, then they may be a real help in philosophy. And so in this case, if we think it of importance to reduce into three words all the vast and various sources of wealth, we can do so by saying that all these sources can be ranged under three great conceptions—Mind, Matter, and Opportunity. Mind would here represent the whole energies of man as an organism. Matter would include the whole external world upon which those energies can be brought to bear. Opportunity would represent the immensely various conditions of outward circumstance which favour or which disfavour the working of human agencies upon, or in co-operation with, the agencies of Nature. This is an amended formula for the sources of wealth which may be vague, but which certainly seems to be adequate if not complete. Mind is a word which, without violence, includes every kind of labour or activity that is possible to man. Matter is a word equally appropriate to all the physical materials and agencies on which we can act at all. Opportunity is a word which naturally expresses every variety of external circumstance under which we can be helped or hindered in our work or action. Possibly, therefore, this formula may be useful. It certainly is so, in as far as it avoids the concealments and confusions involved in the old formula Land, Labour, and Capital.

18. Let us pass, however, to another bad and deceptive distinction which has been widely accepted in the history of economic science, and has played havoc indeed with not a few of its reasonings and conclusions. I refer to the distinction between what is called "productive" and "unproductive" labour. The lines along which this distinction has been drawn, are inseparably connected with that crude and almost barbaric conception of wealth which makes it consist in lumps of matter shaped for some physical property or use. Those who have most dwelt upon this distinction, never seem to ask themselves what they mean by productive. Productive of what? Must it be productive of some material substance—some carcase of eatable flesh, or some fruit or root of the vegetable world which is, or which can be made, digestible? Must it be productive of such things as blocks of clay that can be burnt into bricks, or as blocks of wood that can be erected into houses? Are these, and such as these, the only things which are to be reckoned as products constituting wealth? On no question of economic science has the thinking of the orthodox school been more slovenly than on this—nor, consequently, on any other has their teaching been more fallacious. It has flattered particular classes to think that they are the only "producers," and to envy and even hate other classes whose effective share in production may be much larger and much more potent than their own. It is indeed astonishing that the incongruity of certain immediate results of the division they made between productive and unproductive labour, did not startle some of those writers and awaken them to the deceptions of language under which they lay. For example, all domestic servants were relegated to the unproductive sections of society. Yet even under the coarsest definitions and conceptions as to the nature and sources of wealth, domestic servants cannot be excluded from the number of those who do productive work. They are habitually employed in "moving matter through space," which, in mechanics, is the scientific definition of "work done"; whilst it is equally obvious that this work is done for results which are always of value to other men. And although it be true that their labour is not generally expended on the making of new commodities,

or on the shaping of lumps of matter into serviceable forms, yet even this is not true of a great deal of the labour of domestic servants. What can be more inconsistent and absurd than to say that the cooking of food in a provision shop is productive labour, and that the same work is unproductive labour when expended in a private house? In like manner, the baking of bread, or the brewing of beer, would have to be divided into the two classes of productive and unproductive labour—according as it is done, or not done—for consumption by a particular householder, or for consumption by any householder who may have to buy it. And so again, the seamstress who makes dresses for women and children in a shop, is a productive labourer, but the labour of a lady's maid who does the same work for her own mistress in a house, is to be classed as unproductive. These are cases in which material articles or commodities are actually made by domestic servants, and so their work comes under, even the crudest and rudest definition of production. But we cannot submit to that definition even as applied to other kinds of domestic work. All services rendered by one man or woman to others, which contribute to the health, or to the comforts, or to the conveniences of life, are, in their own nature, productive in the most direct and immediate sense. Those workers, for example, who move our coals from our cellars, arrange them in our grates, and light them in the mornings, are as strictly productive labourers as the men who dig coal out of the mine or raise it to the surface, or convey it to our doors.

19. Furthermore, there is another function of domestic service which is very apt to be forgotten. When we reason on the economic effect of any cause, we have to consider what the state of matters would be if that cause were not allowed to operate. What would be the effect of a condition of things in which all men would have to do their own domestic work—to cater for, and to cook, their own food, and to supply all the other requirements of civilised domestic life? One effect would be that they would have no time for brain work—which is the special work, in some form or another, of all the classes concerned in commerce, or in manufactures, or in the improve-

ment of the soil, or in art, or in mechanical invention, or in abstract scientific enquiry. The labour, therefore, which produces leisure and opportunity for these pursuits, is, very effectively, a productive labour. Labour of one kind which replaces and sets free labour of another, and of a higher kind, for its own higher and special work, cannot be obliterated, by bad definitions, from its own high and strong place in the chain of causes in which productiveness consists. It produces that without which wealth could not be susceptible of any increase beyond the rudimentary conditions of the savage state.

20. But there is another and even a more signal illustration of that forgetfulness of everything that is not gross and palpable among economic causes, which has justified the present revolt against the older school. If it is ever excusable for scientific men to be misled by mere popular prejudice into serious error, the case of domestic service is one in which that excuse may perhaps be pleaded. Those who are not seen doing anything with their hands, but having much done for them by the hands of others, are very naturally regarded with envy by those who are the special shapers of material substances, the weavers of tissues, the makers of commodities. Domestic service, too, is connected with the idea of luxury—another word full of ambiguity, and which needs, even more than most words, a close and exhaustive analysis. But what are we to say of the undiscerning thought which classifies soldiers, and sailors, magistrates, and police, and lawyers, and judges, and all who are concerned in the making or administration of the laws, as all belonging to the category of unproductive labourers? If, as Jevons says most truly, all value consists not in separate things, but in certain relations between many things; what can be more certain or obvious than that all the conditions of society which afford external peace and internal security, are the most fundamental of all conditions on which the enjoyment and the increase of wealth depend? And can there possibly be any labour more essentially productive than that which produces security—that which defends the country from external enemies, and from internal anarchy?

21. It is obvious that this disposition to discriminate

between certain kinds of labour which we choose to call productive, and other kinds of labour which we choose to stigmatise as unproductive, gives a wide scope to our personal sympathies, or to our personal antipathies, or to our social theories, or to our political opinions, in estimating the facts of economic life. And this no doubt accounts, to some extent, for the irrational classification which has often, as it were, held up to odium now one class and now another as idle and useless consumers, *fruges consumere nati.* And here we find the explanation of one memorable fact. The early French economists—who had thought out the doctrines of Free Trade long before our own Adam Smith—fell into the strange blunder of excluding from the category of productive labour all kinds of it whatever except labour connected with the cultivation of the soil. All trade, manufacture, and commerce, was, in their definition, unproductive labour. This was a reaction against the policy of almost all European Governments at that time, of favouring the work of those who lived in towns, as compared with the pursuits of the agricultural population. This again had been a natural result of the striking and attractive spectacle of those great accumulations of wealth, and great exhibitions of luxury and of power, which are so often seen in great commercial cities. The doctrine of the economists, that the element of productivity belongs exclusively to work done upon the land, was connected, also, with the undoubted fact that the raw material of all commodities comes ultimately from the soil. Adam Smith saw the fallacy, and elaborately exposed it.* But the root of this fallacy was embedded deeply in his own mind, and out of that root grew a substituted classification of productive and unproductive labour, which is quite as faulty as that which he condemns. He rightly admitted not only manufacturers and artisans, but merchants of all kinds along with the agricultural classes, as being all productive labourers. But, on the other hand, he relegated to the unproductive class, in one indiscriminate jumble, all sovereigns and rulers, with all the officers of justice, or of war, who serve under them; the whole army and navy, all lawyers, all physicians, men of letters

* 'Wealth of Nations.' Book IV., chap. ix.

of all kinds, along with players, buffoons, musicians, opera-singers and opera-dancers, and all domestic servants, whom Adam Smith always designates as "menials." In this grotesque enumeration he was quite aware that he was joining together under one classification "some of the gravest and most important, as well as some of the most frivolous, professions." Yet this did not stagger him in the least, and why? Because his root-idea of wealth was that it must be a lump of matter. A "vendible commodity;" all value really "produced" must be "fixed" in some material form. A bad verbal definition has often been the source of similar fallacies.*

22. On the other hand, there are some sources of political bias, or of personal sympathy, which may occasionally lead to the perception of a larger truth. We have an example of this in the case of the late Professor Fawcett, who may be regarded as the most recent exponent of the older school. His definition of productive labour was quite as materialistic as the definition of Adam Smith; indeed, it was practically the same. The things produced must be "utilities fixed and embodied in material objects." But Fawcett was a Professor, and it could not but occur to him to doubt how far it was quite fair, or true, to exclude those who were engaged in the great work of teaching from the ranks of productive labour. Was it possible to classify as productive the labour of the man who makes a tool, and as unproductive the labour of him who teaches other men how to handle it? Fawcett saw the inconsistency, and explicitly admitted the direct teaching of the mechanical arts into the category of productive work.† But was it possible to stop there? Was the physical and tactical training of the human hand the only kind of teaching which told upon the productive activities of men? What was to be said of the awakening of mental energies in the young—of the communicated enthusiasm for science—of the implanting of new tastes and new desires? Was all this a result divorced from effects upon the sources of wealth, and upon the springs of industry? This question once asked, especially by a Professor,

* 'Wealth of Nations.' Book II., chap. iii.

† 'Manual of Political Economy.' Book I., chap. iii.

answered itself. Accordingly Fawcett, although with apparent hesitation, admitted the schoolmaster or teacher, in all his degrees, as coming legitimately within the definition of productive labourers. And in this probably we shall all agree with him. But beyond question the effect of mere teaching on the sources of wealth is less near and immediate than the effect of other work which was long persistently relegated to the ranks of the unproductive. Fawcett was thus compelled to admit further that the labour of protecting Society from violence and lawlessness, in all the forms, whether physical or judicial, in which that labour can be expended, comes among the sources of wealth—that is to say, among the agencies without which all other labour would be exposed to perpetual danger, to secret discouragement, or even, as has actually happened often in the world, to complete destruction. Here again, therefore, Fawcett was obliged to yield, and he expressly includes in the ranks of productive labour, the work of the soldier and of the policeman. But this is a direct departure from the teaching of Adam Smith upon the subject, although it is not a departure, even thus, wide enough or cutting deep enough, to reach the truth; for the truth cannot be reached until we dig up the root-idea out of which the whole of this bad classification of productive and unproductive labour has arisen. The omission of the protective labour of the soldier is not worse than the omission of protective labour in its highest forms—those of making, interpreting, and enforcing law. Both exclusions are an index and a consequence of that greatest of all faults in economic teaching—the fault namely, of seeing only, or dwelling mainly on, that which is gross and palpable among the sources of wealth, the fault of becoming more and more materialistic and mechanical in our estimate of causes, the fault, in short, of fastening on that which is seen and temporal, to the exclusion of that which is unseen and eternal.

23. There is another impressive illustration of this fault in connection with the same great error in Adam Smith's immortal work. One of the leading ideas in his definition of productive and unproductive labour was the idea of durability as attaching to lumps of matter. The man who produces a lump of matter—

a vendible commodity—seemed to him to produce something which lasted after the labour had been expended. Whereas the men who produce only immaterial things seemed to him to do work which "perished in the very instant of its production."* But what can be more untrue or more irrational than this assertion when it is applied, for example, to the lawgiver or the judge? Can there be anything more durable than well-reasoned principles of law, or than well-reasoned applications of those principles to the transactions of men? Is there any lump of matter—any vendible commodity—which can be compared with those two "things" in their powerful bearing on wealth? Is there any conceivable work which is so productive, in the highest sense, of economic causes and effects? Does it not seem almost inconceivable that a mind with the fine philosophic instincts of Adam Smith could have been driven, by the mere exigencies of a bad verbal definition, into such a mortal intellectual heresy against the most obvious and certain facts, as to attribute to material things a more lasting endurance than that which belongs to conceptions of the mind, to precepts of the moral sense, to accepted axioms of jurisprudence, and of law? What material substance, what vendible commodity, can possibly endure, as those things do endure? And nobody knew this better than Adam Smith. When not hampered by the logical trammels of a bad verbal definition, no writer has expressed more strongly the enduring economic operation of immaterial causes, and the high productiveness of labour bestowed on things intangible. Thus, in another part of his great work, when arguing against corn laws, he says with truth:—"That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish." †

24. The error into which Adam Smith fell, in his classification of productive and unproductive labour, is indeed a memorable example of the danger of being guided by the authority of even the greatest men, and even in the sciences which were their own. It is the more memorable in this particular case,

* 'Wealth of Nations.' Book II., chap. iii.

† Ibid. Book IV., chap. v.

because it was an error inconsistent with the principle on which his own amended classification was professedly founded. That principle was that productive labour must be confined to the labour of making some material substance, or, as he called it, of some "vendible commodity." He saw the fallacy of limiting the meaning to the agricultural production of a raw product. He saw the necessity of admitting as productive labour the shaping and working of raw materials into vendible forms and textures. And so he included the artisan and the manufacturer. But then he included also the merchant, who certainly does not produce either the raw material, or the shape and form of the commodities in which he deals. That which the merchant produces is not a substance. It is not a visible, or a vendible commodity. It is a relation of accessibility between substances or commodities, and those who wish to buy them. What he produces is distribution. He fetches things, and brings them to some market-place. He gathers vendible things into spots where they become accessible to other men. Nor can it be said that his gathering is in the nature of savings or of storage. The faster his goods pass out of his store or his shop, into actual consumption, the better it is for him. I remember once asking an old woman who kept a little cottage-shop how she was getting on. "I'm always turning my money," was her reply. And this is the great aim of all merchants, whether the commodities they momentarily hold be worth thousands of pounds, or, as in this case, worth only a few hundred pence. The sole object of merchants in every degree is not to keep, but to disperse. They are mere intermediaries between those who make or shape commodities, and those who consume them. They do indeed produce that which, in our sense, is an economic "thing," but is not such under the definition of Adam Smith. Distribution is not a "vendible commodity," in his sense of the words. Nevertheless, it is an essential element in the system which causes and which constitutes wealth. But if Adam Smith's instincts were right when he included the merchant in the ranks of productive labour because he is an agent in the work of distribution, what can be more absurd than to exclude the domestic servant

who takes up the same work at one link farther on in the same chain? If the coal merchant, for example, is a productive labourer when he sends his coal to the consumer's door, or even puts it into the cellar, why is the servant not also to be reckoned a productive labourer who lifts the coal from the cellar, arranges it in the grates, and lights the fires of our kitchen, or of our domestic rooms? The classification must be bad, indeed, which leads to such contradictory and illogical results.

25. But here another question faces us, which cuts more deeply still in the older definitions of economic writers, in respect to productiveness and unproductiveness. Fawcett saves his admissions on this subject from being a complete abandonment of the materialistic definition of wealth, by drawing a distinction between "direct" and "indirect" causation. Wealth, with him, is still lumps of matter so shaped to use as to be exchangeable. Direct production can, therefore, only be the making or shaping of these commodities. But then skill, and taste, and other mental qualities, may be admitted as producing these material things,—not indeed directly but indirectly. But on what principle are we to discriminate between directness and indirectness? In all things, causation is a chain which, if not endless, is at least a very long one. At what link in this chain are we to fix the point where directness stops, and indirectness begins? If visible and tangible nearness to the product be the test of directness, where are we to stop if we pass beyond the link which connects a lump of matter with the land on which it took some raw form or shape? These may seem very abstract questions, and therefore let us reduce them to the concrete. Can there be anything closer to our hands than the motive which impels them to work? Can there be anything more inseparable from muscle than the incentive or inducement which puts it into motion? Does it not stand even closer to the material substance which is produced, than the teaching which educates in skill? Does it not stand, in fact, between the pupil and the teacher, inasmuch as it brings the pupil to be taught? Then what is this motive power which brings the

pupil to the teaching? Is it not the hope of reward—the prospect of a market for the skill to be acquired? And then —to push our questioning of facts—what is a market? It is not the bit of ground which is used as a market-place. It is the demand which is localised there among the men who come to it. And in what does all demand consist? It consists in the desires of men—of those men, in particular, who have means to buy, and who are urged by their needs to acquire, to possess, and to consume. And so we come round to the conclusion that the consumer is the ultimate cause and author of production. It is in the market that industry of all kinds finds its calculated reward—that for which alone it worked, and without which it would not have worked at all. Of all products, therefore, the most valuable is the product which constitutes demand. It is not a lump of matter; it is not a material substance; it is not a vendible commodity. It is a relation between many minds and many material substances, and it is in itself, that kind of relation which dominates every other, in all productive work.

26. Closely connected with the same sources of error is another great fallacy into which Adam Smith fell, and which has been in later times recognised and exposed. This was the distinction he drew between agricultural and manufacturing labour as differing essentially from each other in one characteristic circumstance—namely this, that whereas "in agriculture, nature labours along with man," in manufactures "nature does nothing, man does all." * This is a fallacy so gross that, as one of his editors justly says, "It is really astonishing that so acute and sagacious a reasoner as Dr. Smith should have entertained a proposition so manifestly erroneous. The powers of water and of wind, which move our machinery, support our ships, and impel them over the deep—the pressure of the atmosphere, and the elasticity of steam, which enable us to work the most stupendous engines —are not they the spontaneous gifts of nature? The single advantage of machinery consists, in fact, in its enabling us to press the powers of nature into our service, and to make them

* 'Wealth of Nations.' Book II., chap. v.

perform a large part of what must have been otherwise wholly the work of man." * This criticism is unanswerable ; but the fallacy it reveals lives on almost unabated and unabashed. We shall meet with it reappearing in many different forms, and under many curious disguises ; always involving that one great error of dwelling on that which is visible and tangible to the neglect of that which is unseen. Men see the earth bringing forth her fruits. They do not see the rights of possession which were won centuries ago, and without which nature would bring forth only thorns and briars ; and neither do they see the clearings which have been made generations ago, nor the underground drains which lie hid under the silent crops.

27. Is it unpleasant to find our favourite distinctions thus breaking down under the weapon of analysis ? Does it shake our confidence in all abstract reasoning to discover that the ground which we had thought to be solid under our feet is nothing but a heap of rubbish ? Yes, if our object be the establishment or defence of theories ; but not so if our one desire is to reach the truth amidst the infinite complexities of our relations with our fellow-men, and with the realities of the external world. The effacement of dividing lines which are purely artificial, or which at the best are superficial only and deceptive if taken as marking structure, is one of the happiest results of analysis to those who appreciate that most fruitful of all scientific truths—the unity of Nature. The fallacies which have arisen out of the division that has been so sharply and deeply drawn between productive and unproductive labour,—and among these fallacies especially the forgetfulness of the paramount influence of the consumer upon production,—have not escaped the notice of those who have taken part in the revolt against the orthodox economists. Amongst these there has been one who is almost wholly unknown to the public. I have elsewhere † mentioned the high and, indeed, the enthusiastic tribute which I once heard Lord Macaulay pay to the acute-

* 'Macculloch's Note.' Edition 1863, p. 162.

† 'Scotland as it was and as it is,' p. 480 ; and Trevelyan's 'Life of Macaulay,' vol. i., p. 413.

ness and to the profound reasoning powers of an old civil servant of the East India Company—the late Sir John McLeod,* who assisted Macaulay greatly in his work on the Indian Code. Macaulay, though far from being ungenerous to his contemporaries, was not naturally lavish of his praises. Perhaps the inevitable consciousness of his own extraordinary gifts, was not easily compatible with enthusiastic admiration of men who, in some things, perhaps in many things, were palpably inferior to himself. I was the more curious, therefore, to know whether Sir John McLeod had left any writings. By the kindness of his family I found that a few fragments, and nothing more, had been left by his pen, and that these were on the subject of economic science. I found, moreover, that the special question to which he had devoted his attention was this very question of the true relations between production and consumption. He very truly identifies that kind of expenditure which political economists have disparaged as unproductive, with that same expenditure which, in another aspect of the same facts, they have glorified as "effective demand." He points out that labour and capital are largely employed in producing commodities, the whole demand for which is from those who are called unproductive consumers. He points out that in producing this demand, they are productive of that which meets, balances and sustains in healthful motion, all the capital and all the labour which are employed upon the things which they consume. He points out that, in what are called poor countries, the poverty essentially consists in the absence of this so-called unproductive expenditure, or, in other words, it arises from the absence of those who set up an effectual demand by means of their consuming power. He points out that neither labour nor capital can meet with their appropriate inducements and rewards where this kind of expenditure is not abundant and increasing. He condemns as one of the greatest errors ever committed in political economy the notion that effectual demand could be maintained at all if what is

* Proprietor of Glendale in Skye and of St. Kilda.

called unproductive expenditure did not exist, and if it did not go on increasing. Finally, tracking all the fallacies on the subject to their true source, he deprecates the tendency of political economists to look upon the moving forces of economics as belonging to, or residing in the external and material world, whereas the real seat and source of these forces is in the human mind—in its desires, in its tastes, in its aspirations and its powers. Unfortunately he did not live to work out his ideas in a connected treatise. Nor do his scanty memoranda show how far he had fully appreciated that method of analysing closely the abstract terms which have grown up under the older school, without which nothing can be done. It is indeed impossible to avoid falling into error—if, for example, in using such a word as "labour" we forget whether we think of it as meaning only the labour of the hands, or whether we do really think of it as meaning also the intellectual activities of our human nature. And so of the abstract word capital. The very idea of an antithesis or antagonism between labour and capital arises out of nothing else but the most careless oblivion of that in which capital consists as the embodiment, and representative, and work of mind in storing wealth. And so, again, of the words productive and unproductive as applied to expenditure; there is no wonder if we fall into blunders without end, if we forget to ask ourselves what are the things, or the relations between things, that we are thinking of as "produced."

28. It is true, indeed, that there are certain stages of all scientific enquiry at which precision of ideas on questions such as these, is not of immediate practical importance. But this is only because, at those early stages, the particular problems which they affect have not yet arisen, or, at least, have not yet assumed the systematic rank which really belongs to them. Thus Adam Smith, in condemning the classification adopted by the French economist Quesnay and his followers on the subject of productive and unproductive labour, was obliged to admit that their error had exercised no evil influence on their conclusions as to the wisdom of unrestricted freedom of trade. Precisely the same observation applies to his own

share in the same error. The great value of his teaching was independent of it. The great fundamental truths in economic science, for which he contended, were unaffected by the accuracy or inaccuracy of many of his incidental opinions. It is like the case of a great judge who decides some far-reaching case before him, and mingles with his judgment some "obiter dicta" which will not stand investigation when submitted to closer reasoning. But the comparative unimportance which often, in this way, attaches to serious errors on the part of great authorities, ceases in a moment to attach to them when, in some later stage of speculation and of enquiry, these errors are picked out as potent truth; and when they come, perhaps, to be used as the foundation of some vicious superstructure of opinion and of conduct.

29. And this is just what has been happening in our time. New conditions of society, new strains and pressures due to the organic forces which are concerned in its development, raise into a new importance conceptions which had but a limited operation when these strains and pressures were comparatively little felt. In this way it is true with speculative systems on the order of nature, as it often is true with some delicate machine. It stands well, and runs smoothly, so long as it is moved with a low moving power. But the moment a higher power is applied, it runs down and breaks to pieces. It is a law in mechanics that strains and pressures find out the weak places in all structures which are exposed to them. This is the inevitable effect of a truly natural selection. Pressure does not make the weak places, but it discovers them. And never, assuredly, has any physical structure been subjected to fiercer pressure than that which is now being brought to bear upon the system constructed by the earlier economists to explain the facts and laws of economic science. There is the pressure, in the first place, of the rapidly increasing numbers of the human race. There is the pressure, consequently, of increasing competition in the battle of life. There is the pressure of discontent, with evils, or with troubles, the causes of which are out of sight. There is the pressure of things visible over things invisible, of

things present over things belonging to the past. Then there is the pressure due to the ever-present consciousness of our own free will, accompanied by no consciousness at all of the inexorable limits within which alone that freedom of our will exists. There is the constant temptation to suppose that remedies can be provided by our own direct and unguided action, without any perception whatever of the necessity for the use of appropriate means. Under these conditions every error into which great authorities have fallen, however purely speculative in their case, is seized upon with avidity if it seems to open out any door of escape from inconvenient truths. Hence the necessity which has now arisen for a careful sifting of the earlier teaching in order that such errors may be exposed, and, not less, in order that whatever was sound and true may be vindicated from an indiscriminate reaction and revolt.

## CHAPTER IV.

### THE BEGINNINGS OF POSSESSION.

1. HAVING thus made a short excursion among the fallacies into which economic science has been led by bad definitions, by confusions of thought, and by ambiguities of language, let us now return to those safer definitions which, by a better method, we had reached. It has been said by one of the orthodox economists that in studying any science we must, in the first place, master its technical terms. And this in a sense is true. But the best way of mastering technical language is, if possible, to do without it. Technical words and phrases may be, and often are, the very hot-beds of deception. Like false coin, they may have all the look, and sometimes even the ring, of gold, when in reality they are nothing but a base alloy. And this is specially liable to be their character when words in common use are stolen, as it were, for the purpose, and when some purely artificial sense is imposed upon them. If we cannot dispense with such words altogether, what remains for us to do with them is to treat them as a chemist must treat all such mixtures. We must melt them in a crucible, or liquefy them in a solvent, and then we must apply to them those appropriate tests which reveal their composition. Any meaning that is valuable in them we can then keep, recognising it with certainty according to its true nature, and calling it by its simplest name. This is the only safe way of dealing with technical terms.

2. In the definition of wealth which treatment of this kind has yielded to our analysis, we have obtained a result that is free from all the technical and deceptive words with which economic science has been sorely burdened. We have not

lost anything that was in them which was good and true. But we have been able to dispense with them, because we have got, as it were, under them and behind them. We have got rid—in their technical senses—of the word "land," of the word "labour," and of the word "capital." That is to say, we have done without them. We have got rid of the word land because the simpler word "things" gives us more honestly and more explicitly—not only all that is in the material world, but all that constitutes the relations of that external world to us. It gives us, in short, openly and avowedly by its familiar sweep of meaning, all that was smuggled surreptitiously under the word "land." We have got rid of the word labour, because less ambiguous and more comprehensive words give us that ultimate agency from which all labour comes—the mind of man—in its two great divisions; that of desires and aspirations on the one hand, and of corresponding effort on the other. We have got rid of the word "capital" as a separate conception, for the best of all reasons—because it is not separate, but is, without professing so to be, merely another name for wealth, which is the very aggregate of conceptions between which we are pretending to discriminate. Capital is simply wealth considered in one special aspect which regards it as the representative and embodiment of mind in storing the products of other kinds of labour. We have got rid of the distinction between productive and unproductive labour, because, until men are agreed upon what they understand, or will accept, as "products" the use of the words "productive" and "unproductive" must be indeterminate and unintelligible. In substitution for all these common words and phrases twisted into uncommon meanings, we have got other words and phrases which explain themselves because they refer us explicitly and directly to those elementary facts, and those elementary conceptions of nature with which our science has to do. One of these words, moreover—possession—brings out into its true and primary importance a special element in the conception of wealth, which has always lain much in shadow, and has therefore been comparatively neglected in the analysis of its meaning.

3. It is largely due to this neglect that we owe that fatal impoverishment in the handling of the richest of all subjects of inquiry, which has earned for it the title of a dismal science. From this condition nothing can redeem it except a more adequate conception of its profound nature, and of its vast extent. And to this end nothing can be so effective as the opening of our eyes to all the questions which we must ask, and to all the answers which we are bound to render. And for this purpose, again, there is nothing so good as a really true and satisfying definition of those abstract words which we are all so apt to handle carelessly. For in abstract words, very often, lies hid some of the highest work of the mind—a work for the most part instinctively and unconsciously performed—the work, namely, of concentrating into one general expression, the most complex phenomena of nature and of human life. The unrolling and unfolding, the pulling to pieces and unravelling, of such closely compacted tissues of thought as abstract words, is not merely in itself an instructive exercise of the understanding, but its result invariably is to supply us with a method of operation and with a chart of further enquiry. And this—nothing less than this—is the immense service which an amended definition of wealth will be found to have rendered to us. It gives us a clear logical order in the causes and agencies which are concerned in the production of wealth. It indicates a definite line of enquiry, and suggests as definite a line of questions which we must ask and answer—such as these :—

First—What are the sources of possession ?

Secondly—What are the causes of comparative abundance ?

Thirdly—What are the conditions which confer value upon things ?

Fourthly—What are the effects of human desires and aspirations in their connection with wealth ?

Fifthly—What are the sources of efficiency in demand ?

A sixth and a larger question remains behind—What are the moral limits imposed upon human desires, tastes, and aspirations, within which alone they can be useful or beneficent ?

4. This is indeed a wide horizon—covering a vast territory—so vast that instead of economic science seeming to have been already exhausted, it would seem rather that only the merest corners of it have been yet explored. Instead of being a narrow science—stiff, rigid, mechanical, or mainly numerical, in its estimate of things—it is, on the contrary, not only vast but various, embracing the philosophy of human life and character since the first known, or since the first conceivable, beginnings of society, and reaching down to the latest developments of motive, of opinion, and of conduct.

5. The very first of the six questions above enumerated: What are the sources of Possession? is a question of the profoundest interest. It takes us back to times and to facts among which our fancy and our imagination are only too free to roam, and among which, therefore, we have to move very carefully under the strictest control of observation and of reason. For man has kept no journal of his own early life. And this of itself is a very clear indication that his childhood as a species, was, in one respect at least, like our own childhood as individuals. The infancy of our race was not self-conscious or self-recording. It would seem as if it must have been almost entirely instinctive and unreflective. Economic writers have been prone to speak of "primitive" conditions of humanity, forgetting that at least as regards those which were really primeval, in the literal sense, we are absolutely ignorant. We are not safe, in any assumption regarding them, when, even for a moment, we leave the ground of the physical constitution of man, and of the physical constitution of the world he lives in. There are very few spots upon our planet where man could exist, all the year round, upon the natural fruits of the vegetable world undeveloped by artificial cultivation. Yet the cultivation of any fruit-bearing plant is an art, and we cannot conceive it as practised by primeval man from the very beginning of our race. Over the whole of Europe and a great part of northern Asia, there is not one single tree of which the uncultivated seed would support man—except perhaps the chesnut—and this is confined to a narrow part of its southern area. The beech had a larger area, but its nuts, or mast, shed in millions one year,

are wholly wanting in the next. The oak is still more widely spread, but its acorns are too astringent to be main articles of food. The wild olive has no edible berries. The date palm is perhaps the best representative of a purely wild source of wholesome food. But it is a very local product. As regards animal food the case is different. There still are a few places on the earth and doubtless there were multitudes of places when man was born, in which the supply of wild animals is perennial and abundant. So far as hunting, therefore, was concerned, man's earliest enjoyment of possession may conceivably have been hardly different from that of the other carnivora with whom he shared his prey. When the arrow had reached its mark, or when the trap had closed upon its victims, or when the net had hauled in its captives, then possession was enjoyed on the same terms as those in which it is enjoyed by the lower creatures whose teeth and claws are "red with ravine." But as men multiplied and divided into tribes, this abundance would of necessity be diminished, and the enjoyment of possession would more and more involve the exclusive right of use over those areas which alone, or which best, nourished and harboured game.

6. But this exclusive right of use over special areas, constitutes in itself the idea, and the habit, of territorial possession. In its rudest forms we see it begun even among the lower animals. Those of them, indeed, whose food is so abundant that little or no effort is needed to secure it—such as beasts that live on grasses and other wild vegetation, or such as those birds which live on the multitudinous creatures of the sea—do not exhibit even the rudiments of that demand for exclusive use which manifests itself in jealousy and hostility between rival individuals. Such beasts and birds live and feed in herds and flocks, often of enormous numbers, and are under no need to drive each other off from access to supplies which are everywhere more than enough for all. On the other hand beasts and birds of prey are never gregarious, except in the few cases, like that of wolves, in which the attack and capture of the prey depends on the co-operation of numbers. It is curious to observe how far and wide this line of distinction runs in nature.

There are birds, for example, whose food is everywhere abundant in summer, but are liable in winter from their physical constitution, to a somewhat hard and precarious struggle for subsistence. And in them, accordingly, the instinct of exclusive right over some area, more or less defined, becomes sometimes developed in a marked degree. Thus the common red-breast is well known to keep the most jealous watch over its own hunting ground in winter, and habitually drives off every intruder of its own species from its bounds. There is one case at least, even among men, in which the same dividing line is seen accounting for the rudimentary condition in which the same instinct of territorial possession is found in them. It is the case of the Eskimo—one, in many ways, of the most interesting of all the uncivilised races of mankind. They are essentially a peaceful people, not jealous of each other, or even, apparently, of strangers. And the cause of this is evident. They derive their main subsistence from the sea, and from its rocky shores; and neither the one area nor the other, admits of the settled occupation of any given spot during the terrible vicissitudes of the climate to which they are exposed. Consequently, the idea of the right of exclusive use, which is the idea of possession, is in their minds almost wholly confined to their spears, to their boats, to their fishing gear, and to drift-wood stranded, and found, upon the shore. Like conditions of subsistence produce pretty nearly the same limitations on the idea of possession among the wretched inhabitants of the shores and inlets of Tierra del Fuego. But everywhere else over the whole world, it is an universal fact that the right of exclusive use over certain areas of food-producing surface, is rooted in the mind even of the most savage races, and is asserted and defended, in so far as they are able, against all comers. This is a natural and necessary consequence of other facts connected with the very nature of man, and of the physical conditions of his life.

7. So far, we are on safe ground, not only because we can trust careful deductive reasoning from the known necessities of our frame, and from the known corresponding instincts of our race, but also because the process of economic causes

which it seems to establish is a process verified both by history and by the experience of our own time. Yet in the very next step to be taken, we lose altogether the light of history. We cannot too constantly remember that every one of the foundation-stones of civilised society had been laid long before history was born, and that nothing recorded by history, and nothing observed within our own time, enables us with any certainty to clear up the mystery which surrounds the first beginnings of our race. The greatest discoveries man has ever made, as bearing on his economic condition, have all been prehistoric. The development of the cereals from certain natural grasses, and the domestication of wild animals, are, both of them, necessary steps which stand at the very threshold of any settled society. Yet of the first beginnings of these two great arts, we know absolutely nothing. We can see, however, with certainty, that both of these arts must have carried with them, by inevitable necessity, ideas as to Possession of a much more definite and imperative kind than those which had been connected with mere hunting-grounds. That idea must have acquired a new scope, and in its very nature must have become invested with a higher dignity. It became, in every community, inseparable from the sources of peace within, and of security from outside, its borders. And this is the condition of things which had been established not only long before history begins, but before the recollections of the earliest tradition. In the Hebrew books the two sons of Adam are represented as having already been divided in their occupation between the two great callings of prehistoric life—the keeping of flocks and herds, and the cultivation of the ground. No hint is given as to how either of them began these occupations, and it is evident that the very putting of such a question did not even occur to the writers of Genesis.

8. The truth is, when we come to think of it, that it is a pure assumption on our part that there ever was, or at least, that there must have been, any long process of human invention through which our race passed in reaching the practice of domesticating certain animals, of sowing certain seeds, and of planting certain trees. At first sight this assumed necessity

may seem to be a very safe conclusion, and we are naturally led to it by another assumption which is common, that the poorest savages in our existing world, who are hunters only, are those members of our race who reproduce, and represent most accurately, the condition of our first parents. But at least let us remember, that however safe this assumption has appeared to many writers in recent years, it is at best an assumption only, and an assumption, moreover, beset with many difficulties. Cruel and destructive customs—never tending, apparently, to get better and better, but always rather worse and worse—have everywhere kept down the barbarous races from increase in numbers, and from prosperity in all economic conditions. This does not look very like the assumed savagery of the first "grey fathers" of our race, who began to possess domesticated flocks and herds, and who began also the still more difficult task of establishing, by careful cultivation of the soil, the yet undeveloped qualities of some wild plants. It is conceivable—nay, it is more according to the analogies of nature—that this had already been done for man as regards the vegetable world, just as it certainly had already been done for him as regards the animal kingdom. There are only a very few of the wild beasts of the field which have the qualities fitting them for domestication. The ox, the sheep, the horse, with the ass, the dog, and the pig, almost exhaust the list of the mammalia which are fitted for this great purpose. Yet without those specially adapted animals, human life must have been other than it is. Certain outlying families of man have been reduced to domesticate some beasts of inferior value—such as the llama and the reindeer. But it is a remarkable fact that every one of the domesticable mammalia, with all their special properties, had not been developed, in geological time, until those ages came which immediately preceded the advent of man.

9. We may adopt what words or phrases we like for our conception as to the causes of this particular result of the creative evolutionary process. But there can be no doubt of the fact, that on the issue of it the very possibility of wealth depended. The ox, and perhaps above all the horse, are

highly specialised creatures—invented and contrived by nature, as it were, for most special uses. We may say if we please, that the "survival of the fittest" is the best explanation we can reach. But the question remains—the fittest for what? And then the answer comes—the fittest for a use which was yet to be—the fittest for a future function—the fittest for the service of the Possessor who was about to appear. And if this—nothing less than this—was the necessary preparation of the domesticable animals, is it inconceivable that such also may have been the preparation of the cultivable plants? Have we any good reason to assume as certain, that the principal cereals had not attained, when man was born, a stage of development from older and ruder grasses, analogous to that stage of development which had provided ready to his hand the ox, and the sheep, and the horse, from older animal forms that would have been wholly, or comparatively, useless? Most certainly we have no reason for any such assumption. The wheat plant, for example, may have grown wild in abundance, with heads of seed at once recognisable as pleasant to the taste and good for food, just as wild cattle most certainly roamed in the forests and on the plains, and wild sheep pastured upon the hills, both of them affording—ready to the hand of man—flesh, and skins, and wool, for all the purposes of his economic use. Moreover, it is not only conceivable, but it would have been also according to facts well known to us even in the present day, that the domestication of these animals may have been rendered easy by their tameness to man—before that fear of him had arisen which is due solely to the inherited experience of his destructive instincts. We know it is so in the few cases in which our race has, for the first time, come in contact with wild animals which have never seen man before. Charles Darwin's account of the conduct of the wild birds of the Galapagos Islands is most instructive on this point, and opens many suggestions as to the facilities for the domestication of wild animals which may have been enjoyed by the first families of mankind. They indicate how directly and immediately man may have entered into his great inheritance, and how gratuitous is the assumption that his

primeval condition must have been like that of the savages who have no corn, no cultivable fruits, no domesticable animals, and whose ideas of possession are consequently limited to the weapons, and to the victims, of the chase.

10. It is to be remembered, however, that even this would be enough, so far the fundamental facts of economic science are concerned, because the very first of these facts—the universal presence in man of the sense of rightful possession—is in itself the same, however few, and however poor, and however perishable the material things may be, to which that sense is actually applied. In its own nature the sense of rightful possession does not differ or vary at all with the nature of the objects that can be possessed. Its essence lies in the right of exclusive use, and this is the same whatever be the particular kind of use to which any particular possession may be applied. The universal instinct on which it is founded, and the instinctive passions which it arouses when injured or defied, are the same whether they concern only the tools, and implements, and weapons, of individual men, or whether they extend to the whole hunting area of a tribe, or whether, finally, they become attached to every scrap and corner of the territory of a civilised nation. But undoubtedly this sense of rightful possession must have been roused to a new wakefulness and power when wild animals were first captured for domestic use, and when wild plants were first submitted to artificial cultivation. For with these two processes all wealth began. Before they began—if indeed such a stage ever existed in human history—there existed, indeed, the first element which we have found in wealth. There was Possession—of hunting weapons, and of hunting grounds. But the second element which the same analysis has disclosed to us—namely, comparative abundance—could not exist. In the development of economic causes there is a whole gulf bridged over when we pass from killing wild animals for our immediate consumption, to the catching and breeding of them for permanent sources of supply. For it is over this bridge that we pass—from the rudest and blindest instincts which we share equally with the lowest creatures—to those higher

activities of the brain which direct the activities of the hand, and are the special prerogatives of man. The very first of these higher instincts, in the order of importance, is that forecasting of the future which impels to a providing for it. The carcases of dead animals cannot be stored, whereas their living bodies—when they are domesticated—can. Except indeed by expedients which seem to be wholly unknown to savage men—such as salting and smoking—dead animals must be consumed speedily, with the necessary consequence that savages who depend upon them pass their days in alternations of gluttony, and of a much harder struggle for existence than a great majority of the beasts. The very idea and possibility of saving, and of storage for the purposes of subsistence, begins therefore with the saving of calves, and lambs, and kids from slaughter, for the purposes of taming and of breeding them, and with the sowing of edible seeds or roots for a multiplied reproduction of vegetable food.

11. It is true—and it is in the highest degree worthy of note—that a few of the lower animals have, in a limited degree, been gifted with this instinct of storage, so that those who take pleasure in striking out the possibility of a higher inspiration having been from the very first given to man, corresponding to his higher organisation, may amuse themselves by speculating whether our primeval ancestors learnt their first lesson in storage from observing the habits of bees, and ants, and squirrels. But even in the richest regions of the globe there are not many uncultivated vegetable products which can be stored effectively by man. Over by far the greater part of our planet, there are practically none at all, if we assume that the cereal grains were not for a long time accessible to him. But whilst it is well thus to be reminded how completely ignorant we are on the origin both of cultivation and of domestication, it is more pertinent to our purpose to remember that, so far as concerns the facts of economic science, we are independent of all speculation on the subject. Not only the earliest history, but even the oldest memories and traditions of our race, represent it as having been occupied, under a division of labour, between cultivators of the soil, and the keepers of flocks and herds.

The story of Cain and Abel assumes this, and whether we interpret these names as strictly individual, or as representative only, the result is the same. The idea of rightful possession, which is the first element in wealth, must have been coeval with man in his mere animal capacity. It rose in conscious rank, and in power over his actions—whenever that time came whether earlier or later—when he began to store for future use by the domestication of serviceable beasts, and by the culture of nutritious figs, or grapes, or dates, or corn. Then his sense of rightful possession was projected, as it were, far out into that wider horizon of the future which corresponded with the nobler labour both of his mind and of his body. What he now of right possessed was no longer confined to the possible captures of the day, but extended to the produce not only of the year but of a life, and included provision even for generations yet to come. With the first domesticated cow kept for its milk, or with the first sheep kept for its wool, Capital began its course, representing the very earliest form of wealth in all its essential elements, namely in the possession, in comparative abundance, of certain things which were the earliest objects of human desire. Of this fact, as is well known, the self-recording processes of human thought, as embodied in human speech, have retained the memory, since the word capital originally meant nothing but the "heads" by which flocks and herds were numbered. According to the number of these herds, held in possession, the wealth of the earliest historic men was always reckoned. They were its most striking and obvious representative and embodiment. The poetry of Job, and indeed all the books of the Old Testament, are full of this fact, and on it no small part of their most beautiful narratives, as well as of their most sublime imagery, is founded. It is curious also to observe how, in the forms both of narrative and of imagery, the poetry and the beauty turns upon the fundamental idea of the right of exclusive use in its connection with the cares and precautions of the possessor for the feeding and protection of his flocks. That right of exclusive use as regards the animals themselves passes of necessity into the same right of exclusive use over

the sources of their food; and so it comes that when the Psalmist wishes to express the absolute property of the Supreme Being in the human creatures of His hand, he says—in the strongest and most natural of all images—"We are the sheep of Thy pasture."

12. Here again we encounter precisely the same passage from looser or less defined forms of possession as applied to mere hunting areas, to that closer and still more exclusive form of possession, which of necessity applies to the smaller areas which were first devoted to the artificial cultivation of seeds and fruits. Here, again too, we are at liberty to speculate as we like on the primeval modes of cultivation. We may imagine, if we like, that it began in such rude and wasteful habits as those which prevail even now among some of the least civilised tribes who are acquainted with the art at all. There are hill and forest tribes in India who from year to year make small clearings by burning down the trees and jungle, scattering the ashes upon the ground, and sowing the soil, thus roughly prepared, with whatever cereals they possess. Each head of a family has his little patch, and the group of families have only to defend the clearing from the destructive intrusion of wild animals, until the scanty harvest has been secured. Whether agriculture began among men in this rude fashion or not is a matter of pure speculation, because that beginning is prehistoric. It is, however, no matter of speculation merely, but of certainty, that whereas each man could graze his few sheep or cattle on pastures possessed in common by the group of families of which he was a member, he could not possess his little patch of corn on the same footing. Even if he held it only for one season, yet for that season, at least, it must be his own. Accordingly this was, and in a few places, still at this moment is, the condition of things where agriculture is at the worst, and where the people who practise it are among the poorest. We shall see, hereafter, how very near to us, both in time and place, this rude condition has prevailed as a survival of customs which may have begun in the childhood of our race, and may have been compatible with its welfare in that stage of its numbers and development. For on the assumption

that there has been universally a still earlier stage, more completely animal, in which hunting was the only source of subsistence, and in which consequently the sense of rightful possession applied only to the wide and indefinite areas which harboured beasts of the chase—on this assumption—one great step in advance was made when the right of exclusive use became applicable to the more sharply defined areas of pasture available for flocks and herds ; whilst a second and a farther step, even more important in economic progress, was made, when possession, in the same sense, came to be attached to the still more definite areas of arable cultivation.

13. So far, in our search for the sources of possession as the first and most essential of all the sources of wealth, we have founded our conclusions solely on certain features in the physical constitution of man, as related to the physical constitution of the world in which alone he can get his food. These are certainties which, although they reach far backwards into the regions of the prehistoric, are nevertheless securely founded on facts which are as much facts of the present as of the past. It is true indeed that in this region of that which we may think "must have been," we are never safe when we let go our hold of that which we see now to be. But when we keep firm hold of this clue, in the tempting and treacherous realms of speculation touching primeval times, our steps may be as secure as when we begin to walk in the light of history. Nay more—that light itself becomes clearer when the analysis of existing conditions has revealed to us those great natural laws which are the expression of enduring causes.

14. And among these causes we have now to take another step forward in our search for the sources of Possession—a step, like the others, planted on the firm ground of human nature as we know it, and as it must have been since man was man. Like the previous steps, too, we are guided to it by questioning our own conceptions and our own words. Possession, in the full sense of the right of exclusive use, cannot be fully understood until we have asked of ourselves the question what we mean by the word exclusive. Who and what are those other creatures against which such exclusive use has to

be asserted? And here again we are plunged into the prehistoric, and into the region of what "must have been." We have to make some assumptions, and the one great requirement is to be quite clear, in our own minds, what these assumptions are. In this case the only assumption needed is one which is safe and sure enough. We must assume that the human race began at some one place, at some one time, and with some one pair. But the oldest teaching of tradition, and the latest hypotheses of speculative science, are here in harmony. Moses and Darwin are at one on this. The truth, however, is that not even this assumption is needed, without some modification. The one time, and the one place, and the single pair, may conceivably have applied only to each separate great continent of our globe. It is conceivable—though not in my opinion credible—that man may have been born from a black pair in Africa, from a yellow pair in Mongolia, from a white pair in Western Asia, and from a red pair in the New World. But this alternative is of no consequence as regards our present subject, and our present purpose in dealing with it. At each separate centre of dispersion, if there were more than one, equally as at any one such centre, if there was one only, the race must have at first consisted in a single family. The idea, therefore, and the necessity of possession, in the sense of exclusive use, can have begun only in the need of repulsing rival animals from the common sources of supply. The protection of herds from the carnivora, and the protection of corn from the herbivora, may at one time have been all that was required to secure exclusive use.

15. But with the multiplication of our species, a new enemy appeared upon the scene—a new source of danger—a new rival in the right of exclusive use. Those who challenged that right were no longer the beasts alone, but hostile men. How soon after the birth of man this new element appeared is a question on which we may speculate, but on which we know absolutely nothing. All that we do know is that not only in the earliest dawn of history, but in the earliest dawn of mere tradition, the divergent families of mankind were at frequent, if not at perpetual, war with one another. The

stronger preyed upon the weaker, whilst amongst those who were apparently equal in strength, a few developed some latent power, and cultivated in some special degree the passion, and the art, of war. And here we escape from the region of speculation into the region of history. It is a fact that as far back as we can see into the primeval memories which have been indelibly recorded in human speech, the one great stimulus to war has been the desire and the need of expanding tribes to possess what other tribes had already come to occupy. Thus to take and to hold certain areas of subsistence, to the exclusion of other men, was the great work which succeeded to the older work of merely holding those areas to the exclusion of the beasts of the forest and the field. Moreover, if we confine the word history as we ought to do, to its proper signification, that is to say, to our knowledge of the past in so far as it rests on contemporary records, then the unquestionable fact is that we know of no time when men could secure possession of any considerable areas of subsistence except by the conquest and subjugation of other men who were already in occupation. History, in that strict sense of the word, has no record of the time when our race could spread unopposed over a vacant world. Everywhere, and in all recorded time, the more civilised races have secured by war their exclusive right of use over the countries they now inhabit. There is no exception. It is a telling indication of the genuine antiquity of the Hebrew books, and of the traditions which they hold in memory, that they do go back very nearly to those primitive conditions which must have been universal once. There must have been a time—and ages more or less extended—when the advancing tide of human population encountered no obstacles from previous possession by other men. And it is of this time that the beautiful story of the migration of Abraham and Lot embalms the memory. It is indeed expressly said, in that story, that older inhabitants were already settled in portions of the country into which Abraham led his flocks; that "the Canaanites and the Perizzites then dwelled in the land." But wide spaces must have been then vacant. It was needless,

therefore, for those two men to quarrel with each other for the exclusive use of some particular area of pasture, when vast stretches of other pasture lay equally open to their possession on every side. And so it must have been—everywhere—in the very earliest stages of human progress. But it is certain that of this condition of things we have no knowledge now, and have had no knowledge in historic times. Over all the great continents of our globe, and even with a few rare exceptions over all the lonely islands of its oceanic spaces, historic man has found himself long forestalled in his instincts of territorial possession by other men who have taken it before him. And everywhere, as a necessary consequence, he has found that previous fact of occupying and of holding, accompanied by the claim to exclusive use. A striking illustration of this universal truth is afforded by the account of a recent traveller in Queensland, Australia. The natives there are among the lowest savages in the world, yet we are told that the instinct of territorial possession is not only developed, but is carried to the most extreme and injurious degree of development. "The different tribes are each others' mortal enemies. Woe, therefore, to the stranger who dares to trespass on the land of another tribe! He is pursued like a wild beast and eaten. The tribe around Herbert Vale owned an area of land which I should estimate to be about forty miles long and thirty miles wide. It was divided into many sub-tribes, or Family tribes, which lived within their own well-defined limits. Outside their borders they had no acquaintance with the country." * It matters not how sparse, or how ignorant, or how poor any "aborigines" may have been; it matters not how rude and scanty may have been the use to which they put their country: they have universally had a sense of right in its possession. They have claimed it as their own, and, so far as in them lay, they have resisted and resented the intrusion of other men upon it. This is an universal fact, and the other facts which underlie it are, in economic science, of equally universal value.

* 'Among Cannibals,' by Carl Lumholtz, M.A., Member of the Roy. Soc. of Sweden. J. Murray, p. 176.

16. The very first of these underlying facts is the inborn inequalities of men as regards mental capacity and power. In kind and in quality, indeed, their fundamental instincts and desires are common and universal. But in the degrees of dynamic energy with which these are distributed to individuals, there is a variety of endowment ranging from almost animal stupidity up to the highest genius, and even—higher still—to an inspiration which sometimes seems almost divine. Here, again, we may waste our time in speculating whether this was always so. But this is a question which can only arise as to the time when man had already begun to multiply, and the only answer we can give is that there is not the slightest reason to believe that the gifts of mind were ever divided equally. It may be urged, indeed, that the substantial identity of certain early implements of the chase all over the inhabited world, points to some unity of inventive faculty, and not to mere unity of inherited teaching. But this would be a very unsafe conclusion, because it rests upon a false antithesis. It may be quite true that the inventive faculty in man is an universal instinct, and equally true that each particular exercise of it may have always originated in one mind, by the occurrence to it of one happy thought. And if the happy thought were successful, resulting in an invention on which the very life of early man depended, then that invention could never be forgotten, so that, to all the countries of his wanderings, man would carry, by unbroken and unbreakable tradition, his knowledge of the fish-hook, and of the net, of the javelin, and of the spear. Whilst, therefore, the universality over the whole globe of certain primitive inventions is a strong evidence of the unity of the human race as regards the nature of its inventive faculties, it does not even suggest a doubt of the same unity as regards the variety and inequality of their distribution among individual men. We have no reason to believe that the law which has certainly prevailed in this matter during all the ages of history and tradition, did not equally prevail from the beginning—the law, namely, of that deep-seated inequality of mental gifts and faculties, to which the fact is due that every step in the progress of discovery has been taken by

some one man, or by some few men, who have been above their fellows.

17. Now, there is one endowment to which, above all others, this inequality is due. It is the endowment of a commanding spirit—the power of inspiring other men with confidence, with courage, and with energy. This endowment rests not upon one faculty, but on many. It depends on elements of character which are often so subtle as to defy analysis. It is displayed, from time to time, in all the activities of human life. But there can be no doubt about the field on which it first began to be displayed, and on which it has laid the foundations of every existing society, of all progress, and of all wealth. It is the field of war, the field on which possession—the right of exclusive use over some particular portion of the earth—has been won, or on which it has been successfully defended. We may like or dislike the steady contemplation of this truth; but it is a fact none the less, whatever we may think of it. We may envy, if we please, those of the lower animals who can feed in peaceful multitudes together, and in whose case even the most real struggle for existence involves no conscious fighting with each other. We may think that this melancholy contrast with the unquestionable history of man indicates some corruption of his original nature as it once was and as it might, on any other hypothesis, have continued to be. But in any scientific analysis of the origin of human society and of its sources of wealth, as known to us, we must take human nature as we find it. As we do find it, not only in all the past, but equally in our own time, war has been the original title to all national possession, and the power of it continues to be the power on which the security of every nation ultimately rests. So universal has this fact been, and so universal it still is, that the poet is justified in the implied meaning of his question—

"Who can fancy warless men?"*

18. And this is the universal fact of which another fact, equally universal, is the counterpart or reflection—namely, the fact of that homage paid among all nations, and tribes, and tongues,

* Tennyson's second 'Locksley Hall.'

to courage and conduct in war, which has everywhere identified great soldiers and great captains with the heroic character. The instincts of men, just like the instincts of the lower animals, have, all of them, their own final purpose, or, in other words, their appropriate function, in the system of things in which we live. And for this great instinct in respect to the military character there is an ample explanation and an ample justification in the constitution of the human mind, and in the related necessities of human life. Mere courage is in the lower animals, for the most part, inseparably associated with mere ferocity; but in the comparatively few cases in which we see it not so associated, as in the courage shown by many weak creatures in the defence of their young, it raises in the minds of all of us unqualified feelings of sympathy and admiration. In the human species there is the same distinction to be made. But in proportion as civilisation has advanced, the element of mere animal ferocity has been more and more eliminated both in the causes and in the practices of war. Then comes the stage in which the soldier represents all that is noblest in our nature—courage in the discharge of duty, and contempt of death when the sacrifice of life is needed at its call.

19. But this is not the only, nor is it perhaps the main cause of the homage paid to great captains. The true cause lies in the universal and instinctive recognition of another universal fact—namely, this, that in all ages the very possibility of success in war has depended on the genius and character of individual men. In the early stages of society this dependence was generally absolute. But even the advance of discipline and organisation has not greatly changed the case. Mind is still the supreme agency in military success, as it is in all other kinds of success whatever. And the gifts of mind are, have always been, and must always be, individual. Courage may, in a degree at least, be made common. So, in another degree, may discipline be imparted to a multitude. But both courage and discipline may be, and often are, displayed in vain when still higher qualities of mind are wanting in the supreme place. It is almost mysterious

how a great army may become, in a moment, a mere rope of sand when one commanding and directing spirit is removed. When Wellington said of the army which he had led and formed in the Peninsula, that it was an army which "could go anywhere, and do anything," the answer to his praise might well have been—"Yes, sir, provided you go with it." It is not too much to say that, in the first quarter of this century, the Spanish nation owed to the genius of that one man the continued possession of their country, or, in other words, their continued right to an exclusive use over that portion of the area of Europe. Probably the same thing may be said of Germany in our own recent days—that she owes the secure possession of all that was then her own, and of something more which she had once lost and which she has now regained, to the organising and tactical genius of one man—Von Moltke. The whole history of the world, in respect to military success, has been the history of individual men greater than their fellows in all the high and special gifts on which that success depends.

20. We shall never grasp or estimate to the full the depth and sweep of the universal law which has made all wealth, because all possession, absolutely depend upon the combination of mental and physical qualities which give superiority in war, unless we look in the face the fact that the mere prior occupation of a country has never been respected when it was found in the hands of tribes incapable of defending their possession of it. Moreover, we can see that if such occupation had been respected as indefeasible, the whole habitable world would still be in the possession of barbarian races, or even of the lowest savages. At the present moment all the civilised nations of Europe are competing with each other in securing the right of exclusive use over Africa—one of the greatest continents of the globe—although every part of it is claimed as belonging to some tribe or another of pre-occupying races. Yet, in our own aggressions upon those races we find that the same practices have always prevailed among the tribes as against each other. The strongest of them have seized on the territory of the weaker, and the strength of those who have proved to be the strongest is seen to have been due to

the superior vigour and energy of some one exceptionally gifted savage. The Zulu nation is known to have been founded in this way not very many years ago, and the people had developed not only such a military spirit but such a system of attack that it was actually able to destroy, with the assegai and the spear, a very considerable British force, and to compel us to resort to special manœuvres to resist them for the future. Another African chief has founded something like a kingdom on an analogous military organisation, which includes the extraordinary and truly barbaric device of a brigade of women. Yet the very possibility of civilising Africa depends on the ultimate subjugation of these races, and on the right of exclusive use being taken from them. But it is only because they will be unable to defend it against more civilised men that this can be done. On the other hand, their inability to defend it is almost invariably due to a corresponding inferiority in every other quality which can raise our common race from the low level at which they stand. How low that level is we can with difficulty conceive. Every detail that comes to us depicting the life of the African natives does but add to the horror with which we must regard it. The customs of Dahomey and of Ashantee seem as if they had been inspired by devils—so cruel, so bloody, so disgusting are they. From the beautiful region of the great lakes, where "all but the spirit of man is divine," where the fruits of the earth are so rich, so spontaneous and so abundant, that an immense population might, with little labour, be sustained in affluence, we hear authentic accounts of perpetual butcheries carried on at the caprice of ferocious and superstitious chiefs and kings. Nothing but conquest by more civilised races can redeem that vast continent from increasing and deepening savagery.

21. It is the same thing with every other area,—some of them the loveliest on the globe,—where savages are still supreme. Nor do these closely concatenated facts apply only to tribes so barbarous as the African negroes. They apply equally to races which are, in some respects, much higher in the scale of intellect and character. They apply, for example, equally to the Arabian tribes who have been, or are now, in more or less settled

possession of the northern regions of the African continent. The French have, in our own time, subdued a part of them, and the rest of them are doomed to the same fate at the hands of other European nations. Nor is even this all the evidence we have of the still enduring functions of war upon the earth. It is true, indeed, that civilisation has tended to equalise strength in war, and in some degree also to give a new power to the moral sense of right as belonging to long established possession. But the enormous armies, and the enormous navies now kept up by those European nations against the danger of attack from each other, is perhaps one of the most striking facts connected with economic causes affecting human society even in what we call its most advanced condition. Such burdens would be intolerable were it not for the universal consciousness of two facts—first, that all our wealth, with all the possibility of its increase, depends upon our rights of exclusive use over everything that we have previously made our own ; and secondly, that this exclusive right of use, constituting our possessions, will certainly be attacked, and must be defended, whenever a quarrel may arise.

22. We may chafe as we please against this sad picture of the origin of all our possessions, so certainly true to all the past history of our race, as well as to its present state. And well we may—because it is full of the mystery which is inseparable from every question touching the origin of man, and of his existing character. It does seem easy to imagine that all might have been very different. It does look very much as if something had gone wrong with him. It does look very much as if the great law of evolution had worked downwards as well as upwards, and as if the development of corruption and decay has been, if not from the very first, at any rate from a very early stage, at least as active as the development of a healthy nature. But wide and rich as are the fields thus opened before us in any discussion of economic science, we must turn aside from these questions of speculation or of belief, to deal with man as he is, and as we see him to have always been as far back as he can be seen at all.

23. There is, however, one obvious consideration from which we cannot escape, when we trace all existing possession to the result of war, and this is the consideration that, as a necessary implication, war must be the destruction of possession to the vanquished, just as it is the origin of possession to the victor. Dispossession has almost always been the inseparable correlative of possession. How shall we strike the balance in our estimate of the ultimate result on the beginnings and progress of wealth? There seem to be two clear answers to this question, both of them resting on historic facts. The first is that the strongest races and the strongest men—the strongest, that is to say, in those faculties which give victory in war—have always been, as a rule, the races and the men who have been also strongest in all those other faculties which give success in the peaceful arts of life, and in the government of their fellows in society. The second answer is, that in all the exceptions to this law—in all the cases where conquering races have been purely destructive, and have been proved to be so by ultimate results—their wars have not been wars to gain and to keep possession, but wars of pure revenge, inspired by nothing higher than ferocious passions—such as the mere lust of dominion, the pride of vain-glory, the fury of revenge, and sometimes, apparently, a devilish delight in cruelty. These two replies to the question which forces itself upon us respecting the function of war in the history of man, are, both of them, deserving of close attention, and of as much elucidation as we can extract from the facts of history.

24. Perhaps the case of conquest by one race over another which—at first sight at least—excites most our sympathy for the vanquished, and even our indignation with the victors, is the case of the conquest of the Mexicans and Peruvians by the Spaniards in the sixteenth century. In that case the conquering race did really fight for possession, and not for mere love of war. The lust of gold was the great incentive, and this was the possession which, as the symbol of all others, they most desired. Still, they did intend to settle in the country and to hold it; nay, more, they were urged on by the ac-

companying influence of religious enthusiasm for the extirpation of idolatry, and for the diffusion of Christianity. But, on the other hand, the races which were dispossessed of the land which had been their own, were races which had attained to a comparatively high standard of civilisation and of wealth. Extensive territories were subject to one sovereign ; there were large cities ; the empire of laws of a rude kind had been established ; many of the useful arts of life had been brought to some degree of maturity ; whilst the dawn of those which are only ornamental, were, at least, beginning to appear. Much division of labour—one great foundation of wealth—had of course been involved in the attainment of such results. The functions of the mason, the weaver, the goldsmith, the painter, and of several other industries, were carried on by different crafts.* The destruction of all this edifice, barbaric as it was, has been for centuries, in our eyes, a more conspicuous fact than any revival of real wealth in the hands of those by whom the Mexicans were robbed and conquered. The spectacle of the wretched governments which for three hundred and fifty years have represented the Spanish conquests in the New World, may well inflame and confirm the sentiment in our minds which leads us to look back upon the doings of Cortes and Pizarro with sorrow and commiseration. But after all, it is known that the mysterious culture of Mexico had itself been founded on the sword, and that no hope whatever for the higher interests of humanity lay in the preservation or in the development of any one of its peculiar features. On the contrary, we know as regards the Mexican Empire, that its curious remains are like those of Egypt, the monuments rather of a tyrannical power over the forced labour of a multitude of slaves than of any system which could possibly lead to general prosperity. We know that their wars were most destructive, and that their religious superstitions were cruel and brutal to an almost incredible degree. Their ideas of the nature of the gods may well seem to have been the very inspirations of the devil. Their most favourite acts of worship were the butchery of human victims, the tearing out of living

* Robertson's 'History of America.' Works, vol. viii., book 7.

hearts, and the sacrificial devouring of human flesh.* Their wars were waged chiefly for the purpose of procuring holocausts of victims to be sacrificed on the altar, or of gangs of slaves to be spent in exhausting labour on the fields. It was not merely for conquest or for tribute that the fierce Mexicans ravaged the neighbour lands, but they had a stronger motive than either, in the desire to obtain multitudes of prisoners whose hearts were to be torn out by the sacrificing priests to propitiate a pantheon of gods who well personified their bloodthirsty worshippers.† For this purpose it is even said that the nations of the Mexican alliance agreed among each other that they should periodically fight in order to provide prisoners for the altars.

25. We may be confident, therefore, that the destruction of the Aztec power, and the substitution in America of even the most corrupted form of Latin Christianity, and of even the worst of European governments, was no exception to the general law that conquering races have been, on the whole, higher and better than the races they have subdued. Even that terrible evolution of error which culminated in the Spanish Inquisition, and in the production of such a monstrous birth as Torquemada, was less fatal to human progress than the fiendish conceptions of the divine nature which deluged the temples of Mexico with blood, and devastated the surrounding regions with purely destructive wars. In vain shall we try to separate economic science from the fundamental causes which degrade or elevate the character of man, and especially from some reckoning with that one great cause in which lie all the most copious fountains of good and evil; namely, the beliefs of a false, or of a true religion. Secure possession, and therefore wealth, could never be established in any region exposed to a people with whom the type of a religious function was a sickening butchery followed by a cannibal feast.‡ It ought to be an enduring wonder, and a

* See Prescott's horrid account of what Cortes saw when Montezuma allowed him to penetrate the shrines of the Great Temple in Mexico. 'Conquest,' vol. ii., pp. 137–8.

† 'Encyclopædia Britannica.' Ninth edition, vol. xvi., pp. 209–10.

‡ Ibid., p. 212.

pressing question with us all, how it is possible that man can ever have developed a character, or instincts, so perverted, that they lower him far below the level of any of the beasts—inspiring him with passions, and goading him to practices which are destructive to his species. We cannot advance a step in economic science without encountering, again and again, that disturbing element in every calculation of causes which consists in the perversion of the fundamental instincts of man, and the wide contrast between the natural use and the unnatural abuse of these. There is not a single instinct of our human nature, not a single faculty of the mind, not a single desire of the heart, however, necessary to our very life, and even to the continuance of our kind, which, at various times, and by various races, has not been converted into the most hideous curse to themselves and to all around them. The fact, therefore, that the ferocious and cruel passions which inspired the Mexicans in war, converted, as in many other cases, all their wars into irremediable sources of pure destruction—this fact is no impeachment of the truth that the military instinct and character has everywhere been, and still is, the foundation of all possession, and therefore of all wealth. Nor does it impeach the correlative truth that the want, or the decay, of courage and conduct in war, stands in close connection with other debilities of character which are equally fatal to possession.

26. There is one curious illustration of this in the distinction that existed between the two great native American empires which the Spaniards conquered. The more southern empire of Peru had developed a still higher civilisation than the Mexicans, and they had a milder religion. But, on the other hand, they were comparatively effeminate. With the Mexicans the Spaniards had a desperate struggle, and there were moments in the contest when it looked ill for "stout Cortes and his men." With the unfortunate Peruvians they had no serious difficulty. The Peruvians had none of the savage ferocity of the Mexicans ; but, on the other hand, they had far less courage, and no capacity for self-defence. On at least one cause of this great difference between the two

nations, the historian Robertson makes a remarkable, and, indeed, a profound observation. He points to the difference in their effects upon human character between the worship of external nature and the worship by man of his own nature—that is to say, of his own horrible imaginations. External nature is on the whole beneficent, and even in those partial aspects of it that seem to "shriek against this creed," there is always this great source of error—that we read into it unwittingly the characteristics of our own higher possibilities of life. It is true that in external nature we have a great system of mutual destruction. But it is not true that this destructiveness has the remotest resemblance to the sins of man against his fellow. There is no more real ferocity in the tiger when he tears a bullock, than in the nightingale when she swallows a caterpillar or a worm. Nor, even as regards physical suffering, is it true that the facts of external nature give any support to the notion that animal suffering is more than an insignificant subtraction from the vast volume of happy life.

27. The doctrine laid down lately on this subject by that eminent naturalist, Mr. Wallace, is, we may be sure, the true one. When sudden accidents happen to men which almost destroy their life, but from which they do recover, they hardly ever recollect any suffering. They recollect some preceding incident, and almost always add, "I remember nothing after that." How much more must this beneficent law hold good with creatures which have feeble powers of conscious anticipation, or as in all the lower creatures, none at all. Whilst, therefore, an idolatrous religion founded on nature worship, might possibly deify creatures of apparently vicious qualities, and have often actually done so, the effect is very different when—as in the case contemplated by Robertson, which was the case of the Peruvian superstitions —the nature-worship was founded on the selection of the heavenly bodies as the symbols of the Power adored. As regards them, the ideas of perfect order, of peace, and of beneficence, reign supreme. Accordingly, says Robertson, "Wherever the propensity in the human mind to adore some

superior power takes this direction, and is employed in contemplating the order and beneficence that really exist in nature, the spirit of superstition is mild. Wherever imaginary Beings, created by the fancy and the fears of man, are supposed to preside in nature, and become the objects of worship, superstition always assumes a more severe and atrocious form.* Nevertheless, all the superiority of the Incas over the Aztecs in the peaceful arts of life, the decadence of their earlier military spirit was such as to indicate a declining people. "The unwarlike spirit of the Peruvians was the most remarkable, as well as the most fatal, defect in their character." Some principle in their government, unknown to us, was the occasion of this political debility.† Perhaps it is not difficult to guess what that principle was. Although one great war is said to have founded their dominion and their religion, yet their institutions seem to have been so framed as to keep down the power of individual character to one common level. And all such levels are of necessity comparatively low. Communism, organised under a central despotism, would seem to be pretty nearly the most powerful of all devices for the complete emasculation of any people. Manifestly, at all events, their culture, so remarkable in many ways, had reached and had passed the summit to which it could ever have attained. So that in their case, no less than in the case of the more northern empire, the European races, in destroying possession as it existed in Central America, and in taking it to themselves, were at least laying the foundations of a better future for the world.

28. Nor is the case of the Spanish conquests in America the only case in the New World which illustrates the fundamental difference between wars for that kind of possession which leads to settlement, and wars of revenge, of vain-glory, of superstition, or of pure ferocity. Elsewhere on that vast continent, we have abundant evidence that the various Indian races had, in many places, attained to conditions of settled cultivation, and of something like a settled national existence—all of whom

* Works, vol. viii., p. 204.

† Ibid., p. 222.

have been destroyed by more barbarous tribes in whom the warrior instincts had degenerated into a mere passion for blood, and for such trophies as skulls and scalps. This sad chapter in the history of human degradation comes within the ken of history—even of that very short and recent history which is all that we have of those outlying families of mankind. We know the names of certain tribes—such as the Iroquois, and the Mohawks, whose delight in war and whose barbarous misuse of its instincts and of its powers destroyed the promise, and the very existence, of less savage tribes, who, against their fellow men, could not defend possession.

29. But we must leave the New World, and recross the Atlantic to the Old. For, although it is of high interest to observe the working of the same great general laws in all the regions to which the human race has spread—illustrating as it does the essential unity of the species—yet the Old World is that portion of the Globe on which the light of history shines farthest in the past, and on which both tradition and archæology supply us with evidence that carries us still farther back to conditions which, although not literally primeval, were at least extremely primitive.

## CHAPTER V.

### THE PROGRESS OF POSSESSION.

1. ALTHOUGH the doctrine that possession is not merely a necessary condition of wealth, but an essential element in the very conception of it, is a doctrine so self-evident that the mere statement of it must secure assent, yet it by no means follows that the group of facts on which it rests are at all commonly apprehended, or, still less, that all the consequences of them are commonly understood. One of these facts is that the sources of man's subsistence render it necessary for him to have the powers of exclusive use over certain areas of country—this being equally true whether he is in the mere hunting stage of society, or in the pastoral and nomadic stage, or in the agricultural; the only difference being that in the earliest of these stages—the hunting stage—the area must be large and wide even though it may be not so rigidly defined. In the next stage—the pastoral—it may be less wide; but on the other hand it must be more defined. Whilst in the last of these stages—the agricultural—it may be much smaller, but then it must be absolutely definite and certain. Where the two last stages are combined, which practically they have largely been all over the world, and are so combined now, the boundaries of exclusive use must be as certain as the highest kind of use necessarily requires. This is the first great economic fact which nothing can alter.

2. The second great fact is that the creatures whose intrusion is prohibited by the right of exclusive use, are not only, or even chiefly, the lower animals, but man himself as represented by all other individuals, or families, or tribes, who may be the rivals or enemies of those by whom possession has been secured. Other men have been in all ages and in all

countries the great danger to be dreaded, and the great agents of dispossession whom possessing tribes have to keep at bay.

3. The third fact is an inevitable consequence of the other two—namely this, that the attainment of possession—the securing of the exclusive right of use over definite areas of the earth's surface—has always been the work of some of the very highest energies of man, both physical and mental, of courage, of energy, of enterprise, and of conduct in war, involving great powers of command over other men, and of all the qualities which inspire them with confidence, with fidelity, and with courage.

4. One immediate consequence follows from these facts, which is of fundamental importance in economic science. It is that the distinction, and even contrast, which is often drawn by economic writers between wealth, or certain sources of wealth, which are due to what they call "labour," and other such sources which are what they call "the free gifts of Nature," is a distinction, or a contrast, which is purely artificial and deceptive. Our own organism is the only free gift we have. There are no free gifts to us in external nature—not even the air we breathe. Nature gives us nothing which we do not buy—nothing without exacting its due price, its exact value. That is to say, there are no things in external nature of which we can secure possession without some sacrifice, or some exertion of our own—without some organic act in taking, and holding, and using whatever it is desirable or necessary for us to possess. Our lungs indeed are born with us, but not even the air which they must appropriate; only, in this case, the organic act of appropriation is automatic. Yet even in this earliest of all acts of appropriation, an artificial stimulus is not seldom needed. Infants are born in discomfort and in some suffering, and their first act in taking possession of the freest of all the gifts of Nature, is a gasp, or a cry of pain. Nay, more, sometimes they are born in a condition of such utter helplessness that they cannot, without external aid, perform even this organic act, and artificial suffering has to be inflicted upon them to induce in them the first spasmodic exertion which takes the gift, and puts it to its appropriate use.

5. The same law applies to everything else in our relations with the external world. What are called its free gifts are no more than possibilities. To convert them into realities we have indeed the guidance and direction of innate appetites and desires, and of certain instincts as to the use of means. In the highest spheres of action, we have the occasional gifts of genius, and of some still rarer breathings of inspiration. But nothing whatever can be got or possessed without labour—in that only true sense in which economic science can recognise the word—namely, the sense in which it includes all human effort, whether of the mind or of the body. Natural agencies—the powers and properties of external matter—do indeed exist independently of us; but our possession and use of them does not. These depend upon ourselves, on our opportunities, and the use we make of them. Not only can these natural agencies be made the objects of possession, but they must be made such, if they are to be of any use at all. This is especially, and above all other things, true of those natural agencies which consist in the properties of the soil, because they are the fountain-head of the properties of all human food, of clothing, of habitation, and of all other external things which we can hold or can enjoy. The agencies which are concerned in the production of wild game, and of domestic animals are as much natural agencies as those concerned in the production of corn and bread. But none of these agencies can be of any value to man unless, or until, the great source of them can be possessed by some individual, or by some group of individuals, to the exclusion of all others who would seek to wrest that possession from them.

6. The instincts which are founded on this necessity of territorial possession are universal instincts; whilst conversely the universality of the instinct is the best proof of its necessity. Its universality implies the universal danger of attacks upon possession, and the consequent need of power and ability to defend it. The result, as regards economic science, is that the one element in the definition of wealth which has been most neglected, turns out, on close analysis, to be the most vital of all; whilst also that item among the sources of wealth which

has been talked of as the free gift of Nature, turns out to be the one gift which has been less free than any other; insomuch that the highest energies of our race have always been needed to secure, and are now apparently as much as ever needed to defend, it. Never on any corner of our world where man has wandered, and where he has settled, has he ever even entertained the notion that the possession of his bit of country, whether small or large, is a "free gift" from Nature to all other men who may choose to come to it. There must of necessity have been a time, indeed, all over the earth, when the advanced guards of our race had nothing to fight against in defence of their first territorial occupation except the beasts of the field, or the severities of climate. But there is no existing people in the world even approaching to a civilised condition, who represent this kind of aboriginal occupation; whilst those savage peoples who do certainly or probably represent it, such as the Australians and some of the South Sea Islanders, are being generally not only dispossessed, but extinguished. Moreover, those poor peoples represent, probably if not certainly, even in their aboriginal occupation, the victims of war, men who have been pushed out of other lands by rivals against whom they were too weak to defend some still earlier aboriginal possession.

7. War has unquestionably been in this way one chief agent in the dispersion of mankind; and it has been so, just in so far as it has represented the necessity of getting the exclusive right of use over particular areas of land. For this getting has often involved the expulsion of still earlier possessors. Probably the clearest case of an expelled race is that of the Eskimo. It is impossible to conceive that any human beings would betake themselves to such a country as they inhabit, or such a life as they lead, unless they had first been driven out of happier and easier habitations. And it is curious to observe how, in their case too, even now, a practical dispossession by others of that on which they depend is bringing about their diminution, and will assuredly end in their extinction. In this case it is not the land they occupy that is the subject of dispossession; because the land they live

on can scarcely be said to be a land at all—being mere strips of rock between two "forms of water"—water in the form of ice, and water in the form of oceanic spaces frozen over for a great portion of the year. Room to pitch their tents upon, or to dig and build their "igloos" of ice, is all that these poor outcasts of competing humanity care to possess in the way of terrestrial surface. But what they do need to possess, under an absolute necessity, is the exclusive right of use over the marine animals which afford to them everything by which they live. Yet it is precisely this possession which is being taken from them. Seals, and whales, and fish were never, even to them, free gifts of Nature—in the sense that they could be appropriated without dangerous and even highly-skilled exertion. But this exertion—abundantly developed by devices and ingenuities which are really admirable, and display in germ all the highest inventive faculties of man—has not been wanting, and if the Eskimo had been strong enough to defend the exclusive right of use over their own shores, as our own race in America is able to defend its exclusive right over similar free gifts of Nature on the Seal Islands of the Northern Pacific, the poor Eskimo would not now find their only form of wealth being taken from them. But being unable to defend their exclusive right of use, more civilised man is destroying their seals, and the Eskimo must depart or die.

8. It is the sure sign of a true natural law that it comes out in many forms, under all varieties of circumstance, and even under the most absolute contrasts of condition. If it be really true and universal, then, both in negative and positive aspects, it will encounter us everywhere, in cases where it works destruction as much as in cases where it builds up success. And so it is with the great law which makes exclusive and secure possession the one foundation of all human progress. We see it equally in the growing wealth and prosperity of those who are strong to hold, and in the dwindling and wasting poverty of those who have been disinherited and dispossessed, because they have been too feeble to defend.

9. But there is another sign not less significant of this natural law, and that is the sign of the universal recognition of

it—half conscious, half unconscious, which we find in all human speech, in the language of earliest history and tradition, in the language of those familiar metaphors of which all speech is full, in the language of poetry, and last, not least, in the language of religion. The old Hebrew books are, in this as in so many other things, the richest of all our sources of knowledge, both as to the historical facts connected with this law, and in the highest interpretations of its meaning and effects. We have seen how the story of Abraham and Lot, finding their respective flocks too numerous to feed on one area of common pasture, and agreeing to move away in separate directions, enshrines undoubtedly the memory of a time when Palestine was as yet very sparsely inhabited, and when the necessary right of exclusive use could be acquired without fighting, and without expelling previous possessors. But the great economic law was present even there, and the next stage of its operation on the same area is seen in one of the most memorable events of history, whether sacred or profane. When the seed of Abraham had for 400 years multiplied in Egypt, which was a land of corn even more conspicuously than a land of pasture, and when the Hebrew people migrated to escape oppression, they did so under a leader who was to put them in the possession of another country which was to be their own exclusively. It was no free gift to all men. It was a special and an exclusive gift to them.

10. Whatever may be the doubts and difficulties raised by modern criticism, the fact is certain that the Hebrew people believed that in the getting of this possession for themselves, the highest interests of humanity were involved, and that in its results should all the families of the earth be blessed. But it could only be effected, and it was only effected, at the price of battle, through the conquest and dispossession of other tribes whose religion was abominably corrupt, and whose superstitions were cruel and destructive. When it had been accomplished, the whole literature and language of this people —in narrative, in prophecy, in song, in thanksgiving and in adoration—is full of expressions which identify Possession with the one primary and indispensable condition of all that

it had been given to them to do. Their very priesthood was a warrior tribe, and it was consecrated by the imposition of the hands of the whole people for the work of territorial defence as much as for the work of ceremonial sacrifice in worship.* Their whole national life was one prolonged life of war, sometimes to extend their territory, but more commonly to defend their independence, and the security of their goodly heritage.

11. The account given to us in the Book of Joshua as to the process by which the Hebrew people appropriated Palestine is the oldest, the most authentic, and the most circumstantial account we have of the way in which any victorious race possessed itself of a conquered territory. We see that separate and divisional, or tribal, as distinguished from national possession, was established from the very first. The national leaders, on whom all had depended—Moses first, and then Joshua, allotted certain areas to certain of the tribes. But even these assignments depended in some cases on each tribe being able to conquer its own portion for itself. Some of the heathen possessors were destroyed; some were only reduced to a tributary condition, whilst a few others, again, were never subdued at all, and continued through all Jewish history to hold their own old cities, or their own bits of territory.† Moreover it is specially explained to us that the cause of this failure on the part of the Jews to get possession of the whole of the Promised Land was the military strength of some of the old tribes of Canaan, especially of those who held the plains near the Mediterranean coast. On those plains the native races could operate with chariots, and against these even the footmen of Israel could not prevail. Again we see how, just as in the general or national conquest, the people owed their success to the genius and conduct of their divinely-gifted leaders, so in the special and local contests in which each tribe had to fight for the full possession of its own assignment, that tribe always depended on individual heroes who led them to success. The great natural law which governed the whole conquest, thus governed also each particular local acquisition. All the tribal names of the Hebrew people were the names of

* Numb. viii. 9, 10, 19. † Josh. xvii. 12, 13; xv. 63.

great men of whom the tribe was said to be the children and descendants. Judah, whose name has at last prevailed so widely that, as a national designation, it has stood on equal terms with the earlier patriarchs, Abraham, Isaac, and Jacob, had Caleb for its hero in the conquest. He had long been at the right hand of Joshua, and his eminence had been such as to secure a special promise from Moses himself.* But this promise waited for its fulfilment on military success ; and the individual possession of this great tribe was only secured after a fierce contest with the Canaanites.

12. Nor, as regards our science, is it less striking to observe that the language used to express the value of national possession passes into the same use to express the value of individual ownership as the essential condition, first of peace, then of enjoyment, and last, not least, of abundance as the result of advancing agriculture. Of the nation it is said, "Thou hast brought a vine out of Egypt. Thou hast cast out the heathen and planted it."† There could not be a more powerful image of the process by which possession was secured, or of the purposes to which the exclusive right of use is put. But it is an image which is purely agricultural. It represents that great step in the use of land which consists not in the mere pasturing of flocks and herds, but in the still more artificial production of corn, and oil, and wine. But this step is, and always has been, the step from partially common to wholly individual possession. It is typified by fencing or enclosures. But these are always erected, not merely to keep out the beasts of the field, but to prevent theft, or plunder, or interference by other men. Accordingly, the later language, alike of history, of poetry, and of prayer, is all full of the images derived from the habits and the needs of individual possession. The vineyard, with its enclosures, is the constant type of all that was held valuable in life. It is the emblem of security in all the sources of production and of wealth. And by the vineyard we must understand not what we should now call a mere garden or orchard, or even a limited area devoted to vines, but a generic term for all areas whether large or

* Josh. xiv. 6–15, and Ibid. xv. 13, 14. † Psa. lxxx. 8.

small, which belonged to individual men. This comes out clearly in a code of laws which are so ancient as to be called the Statutes of Joshua. This code is a record of laws and usages touching the agricultural habits and the possessory rights of the people. For there we find provision made for men who may have lost their way in a vineyard, which must have represented what we should now call a considerable, perhaps even a large, estate, with such extent and intricacies of surface, heights, and hollows, thick woods and open places, that a stranger might so wander as to lose his bearings. The precise and elaborate character of these statutes is a signal illustration of the value set by the Jewish nation, under the wonderful guidance of their wonderful history, upon the definiteness and sacredness of individual possession. "There were ten decrees, laying down precise rules which were instituted to protect the property of each tribe and of each householder from lawless depredation. Cattle of a smaller kind were to be allowed to graze in thick woods, not in thin woods; in woods, no kind of cattle without the owner's consent. Sticks and branches might be gathered by any Hebrew, but not cut. Each district or town was to have its river and its spring for its own use. Fish might be caught in the Lake of Gennesaret with hooks, but nets or fishing boats were only to be used by the members of those tribes who lived on its shores. Anyone lost in a vineyard might proceed in it without trespass, till he reached his home. If the roads became impassable, they might be left for bye-paths."* It is in strict accordance with such careful rules as these for the protection of individual and separate possession that we find the language of the Old Testament filled with the imagery which belongs to it. When misfortune overtook the nation, the familiar symbol of it was always the ruin which overtook the individual owner when his protecting enclosures were destroyed. Hence such cries as this, often repeated in the Psalms and prophetical books—"Thou hast broken down all his hedges. Thou hast brought his strongholds to ruin."† Or again, "Why hast thou broken

* Stanley's Lectures on Jewish Church. Lecture xii. p. 271 (1863).

† Psa. lxxxix. 40.

down her hedges so that all they who do pass by the way do pluck her." *

13. There is a natural cause and reason for the high place in the sources of prosperity which is thus given to the importance of individual possession. The vine, to be productive, must be cultivated with perennial labour and attention. It is pre-eminently what is called in the present day an intensive cultivation. The parables in the New Testament, which give us a rapid view of what may be called the agricultural economy of a vineyard in Palestine, show that, besides the constant labour in pruning and manuring vines, and in protecting them by hedges or enclosing walls, there were large outlays on what we should now call equipment or permanent improvements, such as digging winefats and building houses or "towers" for storage. In every country, whatever its special products may be, analogous outlays are inseparable from advancing knowledge in the arts of agriculture. These are the outlays on which the maximum of production must always depend; whilst, again, individual interest in that production has always been the one indispensable agency in supplying them.

14. There is only one difference between national and individual possession. Within each national society the universal acknowledgment of an uncontested right replaces, as regards individual possession, that other security, which, as regards national possession, consists mainly in military strength. Individual possession could not produce its fruits if exposed to the danger of perpetual fighting against neighbours. And accordingly, under conditions of society which have not afforded the security of acknowledged and uncontested right in individual possession, universal and deepening poverty has been the universal, natural, and inevitable consequence. The truth is, however, that the instinct which is founded on this necessity of our nature, is an instinct so universal that within each group of families which has secured possession or exclusive use as against other groups, the rights of individual possession as amongst its own members have never been otherwise than recognised and acknowledged. If it had not been so, the

* Psa. lxxx. 12.

group could never have held together. But practically the impoverishing and degrading effects of insecurity are the same if the groups are so small, and so unconfederated, as to be at perpetual strife with each other. Individual possession may be tolerably safe if the group in which it is held is large and powerful—constituting what we usually understand as a state or nation. But if the group be a small one—constituting little more than a tribe, or a limited number of tribes—then the security of individual possession is compromised by every petty ambition or petty feud leading to intertribal wars. This has been the actual condition of society over large portions of Europe, down to times which are not only historical, but quite recent. And yet so ineradicable is the necessity for individual possession, that even this condition of things does but change the distribution of it, and transfer the holding of it from one set of hands to another.

15. Intertribal wars, as much as wars on a large scale—perhaps even more—bring out the indelible disparities of men, and make it impossible for individual possession to be held, except on the terms of purchasing protection by services rendered, or produce paid, to those who have strength to give that protection in return. This is undoubtedly the rudest form in which individual possession is seen to be dependent on strength in arms. And where that strength does not rise into higher forms—where consolidation and aggregation is not developed—intertribal wars may be, and have been for long centuries together, the causes of increasing poverty; just because they fail in the one true economic function of warlike strength, which is to secure and guarantee, first collective, and then individual possession. But the general law is, that intertribal wars do, sooner or later, lead on and up to higher forms of military organisation, by the conquest and amalgamation of those weaker tribes who are least fitted to stand alone.

16. By this process was built up out of a few contending tribes round seven little hills in central Italy, the most wonderful, and on the whole, the most civilising dominion that the world has ever seen. For in that dominion, we see war put to

its highest economic use ; namely, that of establishing complete internal security for all kinds of individual possession—of handing over the guardianship of it from the soldier to the magistrate—of replacing that immediate and direct defence of it which had consisted in the ever-present sword, by the sanction of acknowledged rights, founded on ancient customs, and passing into the systematised authority of law. One well-known story, of which Romans were always justly proud, is that when the most formidable enemy they ever encountered had invaded Italy, and was encamped upon its soil, one Roman citizen purchased from another the land on which the camp of Hannibal was pitched. This, it has been always said, was a splendid expression of confidence in the triumph of his country. But it has been less noticed that it was something more than this. It was a still more splendid expression of confidence in the nature of the government under which every Roman lived—an expression of perfect confidence that, when the legions had done their work, the reign of peaceful law would be restored, and that possessions legitimately acquired by individual Romans, as they had always been, so would again be, unquestioned and secure.

17. It is of great interest to note that a like story is told in Jewish history of the prophet Jeremiah, when the territory of Judah was invaded by the Babylonian hosts, and when the triumph of Nebuchadnezzar was about to be accomplished. The action of Jeremiah rested on a still diviner confidence, but equally testified to the operation of the great natural law, which, in all societies, has recognised the security of individual possession as the test of national prosperity and independence, even as it is the foundation of their organic life. In the face of the Babylonian invasion, and foreseeing the immediate issue of it in the great Captivity, the prophet symbolised his more distant vision of the Return, by exercising that right of redemption over some paternal acres which belonged to the agrarian law and system of the Jews. That system so far from being communistic in respect to property, as has been sometimes strangely supposed of late, was on the contrary a system of such rigid ownership as to find its nearest modern counterpart

in the Scotch system of strict entails. It was in virtue of this system that Jeremiah was invited to exercise an inalienable right of redeeming property which had been sold only for a terminable time. It is evident that in no other way could he affirm so expressively his confidence in the future of his country. As far as words could go, he did also assert that confidence in corresponding forms of speech. The significance of his coming act of purchase was explained in these emphatic words: "For thus saith the Lord of hosts, the God of Israel; Houses and fields and vineyards shall be possessed again in this land." * Here we have the security of individual possession singled out as the natural and necessary result, and therefore the fitting emblem, of a recovered national independence, after the loss of all things in captivity and in exile.

18. Nor is it less striking to observe in the narrative what were the legal forms under which the laws of this people provided for the due record of those transactions between man and man, on the security of which all peaceful possession rests. The prophet went scrupulously and methodically through all those forms by which the transfer of property in land was then regulated in Judah by custom and by law. He paid the price down; he secured witnesses; he recorded the transaction in duplicate; one copy was sealed, the other was "open;" he gave special directions to his friend Baruch that both copies, "in order that they might continue many days," should be enclosed in a "vessel" of that material which in those countries was then esteemed to be—and through thousands of years has proved to be—the most durable of all, namely, earthenware. But Jeremiah's confidence that his registry of purchase would last through "many days" would have been in vain, if, when it was produced again in the restored kingdom of Judah, it had not been certain that the old law would be restored along with it, and that the title-deed so carefully executed would be assuredly recognised as conveying that right of exclusive use over a certain area of land in which individual possession alone consists. How sure Jeremiah felt of this, and how completely he identified this certainty with

* Jeremiah xxxii. 15.

the national restoration, is strikingly shown by the way in which he returns to it after the ceremony had been completed, and when he repeats the interpretation of it. For then taking up his prophecy again he says:—"Thus saith the Lord: Like as I have brought all this great evil upon this people, so will I bring upon them all the good that I have promised them. And fields shall be bought in this land. . . . Men shall buy fields for money, and subscribe evidences, and seal them, and take witnesses in the land of Benjamin, and in the places about Jerusalem, and in the cities of Judah, and in the cities of the mountains, and in the cities of the valley, and in the cities of the south; for I will cause their captivity to return."* No language could express with such power the inseparable association between all that constitutes the good of any nation, and all that constitutes the secure enjoyment of possession by its subjects or its citizens.

19. Neither is this great law impressed upon us only by the history of all those nations which have established lasting civilisations in the world. It is impressed upon us perhaps even more conspicuously by those which have perished utterly. In the whole history of mankind there is nothing more instructive than the rise and fall of the great military monarchies of Western Asia. Every one of them was, or became, a pure despotism—that is to say, a system of government in which all power, and the very idea of possession, were centred in the head of the State; and in which we might be tempted to suppose that the security of individual rights must have been almost unknown. But in this supposition we should be wholly wrong. The kingdoms which, during several thousand years, succeeded each other on the banks of the Tigris and Euphrates were societies of men which developed enormous wealth. How that wealth was distributed among different classes of the people our information is imperfect. But we know that there must have been an enormous population. We know this by the vast remains of their cities, by the system of canals which can still be traced, by the great armies they sent forth, by the distant dominions they conquered, by the splendour of their

* Jeremiah xxxii. 42–4.

public edifices, and by the lavish expenditure upon them of rich materials.

20. It would have been a miracle indeed, if all this wealth had been gathered, and had been long established without the great motive of individual possession having been enlisted in economic service. But in this matter we are not left to inference. In the whole history of human knowledge no more remarkable event has happened than the recent discoveries which have enabled us to read the records of Chaldean and Assyrian civilisation. On the most imperishable of all materials—that of burnt clay or terra-cotta—we find a whole literature illustrative of many economic facts, not only of conquests, but especially of legal systems; and here we find a contrast of the highest interest in our science between the ideas and practices of those vanished races as exhibited in war and as exhibited in peace. How they used their great power and wealth in their relations with other nations, is one question; how they acquired that power and wealth in their domestic relations within their own community, is another and a very different question. An utter disregard of all that we now recognise as due to other nations was a conspicuous characteristic of those monarchies, even according to the low standard of their age. But we now know from the same irrefragable evidence of contemporary documents, that the rights and obligations of individual men towards each other living under the same Government had been from the earliest times fully recognised and carefully guarded under the most solemn sanctions which their jurisprudence and their religion could consecrate and enforce. The earlier monarchs especially seem to have rejoiced in great works of the truest economic value. An inscription of the most extreme antiquity which has yet been deciphered records the excavation of a great irrigation canal by Khammurabi, a Babylonian king who reigned before the days of Moses—by how many centuries we do not know. He calls the new canal "a stream of abundant waters for the people of Sumir and Accad." He records how he associated his people in the work, summoning them in assemblies, and adds, "In joy and abundance I watched

over them, and in peaceful dwellings I caused them to dwell." * A more full and beautiful expression could not be found for the fundamental conditions of economic well-being.

21. But even great economic works such as these would have been in vain unless the laws and customs of the Government had associated the people in the use of them by recognising the inseparable connection between the security of personal interests and the public welfare. Accordingly it is a curious fact that out of the innumerable tablets which have now been recovered and read from the ruined libraries and Record Offices of Babylonia and Assyria, among the commonest are those which represent the title-deeds of property in land, guaranteeing security of possession to individual men. Thus in the reign of Merodach Baladan, King of Babylon, who reigned early in the fourteenth century B.C., we have a boundary stone with a typical inscription. It gives the extent of the land ; its situation by a minute description ; the name of the king who made the grant ; the assertion of his proprietory right to make it ; the name of the new possessor ; his piety to the God of corn. Then comes the emphatic announcement of security : — "This land is appointed for settled days, and months following months, and for years unbroken to that man without interruption. For good have I given it, like the treasure of heaven : as a land of acquisition have I settled it, as the result of his labours." Significant as this language is of the same fundamental conceptions which we have traced among the Hebrews, there are some following passages of the same inscription which are even more full of meaning. For these specify the conception of respect for formal and legal titles being the essential basis of all individual possession in substitution for the military strength on which national possession must depend. Accordingly the most terrible imprecations are launched against all who should "injure or destroy the boundary stone," or should "remove it so that it shall not be conspicuous." All the gods invoked in the inscription are prayed to avenge any one committing such outrage—"violently make his name desolate ; with unspeakable curse may they curse him "—"while the gods Shamus

* 'Records of the Past,' vol. I. pp. 7, 8.

and Marduk rend him asunder; and may his name be trodden down." *

22. Still more curious, because still more pointedly specifying and guarding that essence of title which lies in the originating authority, is the language of another similar inscription of another Babylonian king, Mardun-idin-akhe. In this inscription the maledictions invoked are not confined to those who may do mechanical injury to the stone, but includes those who question the validity of the title by denying the authenticity of the grant. An express curse is laid on those "who will say of the field with its measures, 'There is no granter.'" † Nor do these inscriptions stand alone. Others in great number, recording every kind of contract in the ordinary business of a great and rich community—contracts for the letting and for the sale of land; for the delivery of grain; for the transit of goods; for the appreciation of damage; for the interest on loans, and other matters of a like economic kind have been preserved, and are being recovered and deciphered in increasing numbers every year. They explain how it was, and how it must have been, that the Mesopotamian nations, living on the richest soil in the world, gained great wealth, supported a vast population, and exhibited great military power. We see that they had a system of doctrines in administration and jurisprudence which gave security to property, protected rights, and enforced obligations.

23. But this only moves our curiosity away from the question, how they attained such opulence and strength, to fix it on the opposite question, how they came to lose it so completely; and the answer to this second question is not less instructive than the answer to the first. The monarchies of Chaldea and Assyria were separated by no natural boundary. They flourished on one vast open plain, and were joined by two great navigable rivers. When they quarrelled they could always fight. Babylon could assail Nineveh, and Nineveh could always descend on Babylonia. And so accordingly, as the power of each waxed or waned, each could be subjugated by

* 'Records of the Past,' vol. IX. pp. 29–36.

† Ibid. p. 95.

the other. The wealth of both must have suffered heavily in such contests, even if they had been conducted with tolerable humanity. But besides this waste and consumption of wealth in fighting against each other, there was another and a more copious drain opened in the warlike habits and passions of both monarchies as directed against all surrounding nations, and as ultimately reacting on themselves. It seems as if it had been only in their age of youth and of comparative virtue that the kings of Babylon and Nineveh recorded as their greatest pride the construction of great works of irrigation, and rejoiced in providing the "streams of abundant waters" for their people. The historical and political inscriptions tell a very different tale—they testify to the rapid development of a very different ambition. With rare exceptions they are hideous reading. A few of the most ferocious tribes of savages in our own, or in very recent times, may have been, or may be yet, as bad. But no great empires of even half-civilised men have ever recorded against themselves such damning accusations as the Kings of Babylon and Assyria have left graven on enduring tablets of marble and alabaster. Perhaps Attila or Zenghis Khan, if they had kept journals, might have supplied us with a parallel or an approach. But considering the unquestionably higher civilisation of the Mesopotamian empires, in art, in domestic government, and in laws, the brutality and ferocity of these inscriptions is a veritable phenomenon in the history of human corruption. The grand peculiarity is that almost all their wars and conquests were conducted, not for settlement and permanent possession, but for mere plunder, revenge, cruelty and devastation.

24. It is for this that they were so perpetually denounced by the Jewish prophets, and their ultimate destruction predicted as a righteous judgment for their excessive wickedness. Men now find it hard to believe in Divine judgments. But at least they must believe in the natural laws through which, by some mysterious coincidence, they have been visibly carried into effect. The utter desolation of the very sites of the Assyrian and Babylonian cities has been well known for many centuries. But the historic sense and the literal truth of the accusations and moral denunciations of the Hebrew

prophets,* have been absolutely verified only in our own day. It is out of the mouths of the accused that every word has been more than established. What those old kings rejoiced in was destruction—the gratification of an insane vain-glorious pride. They make no concealment of it. They took the greatest pains to publish their crimes to the world, and to secure that, so far as in them lay, they should be known and read of all men to the remotest generations. The number of cities they had destroyed; the extent of country they had ravaged; the number of fruit trees they had cut down; the number of human heads which they had built up into pyramids; the number of human beings they had butchered and tortured by crucifixion, by impalement, and by flaying alive; the multitudes they had carried off into slavery,—these are the most boasted and the most specially commemorated doings of the Babylonian and Assyrian kings. With savage exultation, and with revolting repetition, we have the constant recurrence of such phrases as these—for example—in the achievements of Tiglathpileser I. (B.C. 1130): "Like a whirlwind I destroyed them." "The people and the children I carried off." "I laid waste the districts." "The numerous fighting men in front of his great gate I slew. The groves of palms which were in front of the walls I cut down; I did not leave one. Its forests which extended over the country I destroyed; his enclosures I threw down."† Nor are there more than a few scattered signs that amidst all this savagery there was even a desire to plant either their own religion or their own people. It is a mere lust of blood—a pure case of the destructive passions, inflamed indeed apparently by an idea of gods who were propitiated by such deeds, but not ending in, or even aiming at, the substitution of one religion for another; still less at planting, at peaceful settlement, or at secure possession. It is only when we have read these inscriptions that we can fully understand the language of Isaiah when in the most tremendous image perhaps ever used by man, he

* See especially Nahum iii. on Nineveh, "the Bloody City."

* 'Assyrian Discoveries,' Geo. Smith, pp. 258–9, &c., &c., and 'Records of the Past,' vol. V. p. 43.

invokes the infernal regions as in haste to swallow up those wicked monarchies :—"Hell from beneath is moved for thee to meet thee at thy coming .... Thy pomp is brought down to the grave, and the noise of the viols: the worm is spread under thee, and the worms cover thee .... They that see thee shall narrowly look upon thee, and consider thee, saying, Is this the man that made the earth to tremble, and did shake kingdoms; that made the world as a wilderness and destroyed the cities thereof?" *

25. It might indeed occur to us to doubt how far these destructive habits in war could account for the utter disappearance of the great wealth of ancient Mesopotamia, if we supposed that its old monarchies and empires were like those of the Western world. Because in that case we might well imagine that those destructive habits affected only external enemies, and regions outside of the Assyro-Chaldean plains. But this presumption is rebutted by the evidence we possess of the true character of those monarchies as being without any exact parallel in the kingdoms of the West. The Hebrew Books, which are now known and proved to be absolutely truthful as pictures of the life and manners of those countries in ancient times, constantly imply the co-existence of numerous tribes and nations in those regions whose rulers are called kings, each ruling over some territorial division of the country, often tributary to the Kings of Nineveh or Babylon, but often, also, rebelling against them, and joining in confederacies to resist their oppression. One remarkable inscription of the reign of Nebuchadnezzar has been discovered and translated, which throws a flood of light upon the loose and incoherent texture of those fleeting empires even at the height of their power. It is an edict, or grant, or charter of about the year 1150 B.C. in favour of a chief called Ritti Marduk, who held a fortress called Beth-Tonitti, with a corresponding territory. Nebuchadnezzar by the order of his god had set forth on a warlike expedition, and is described as having "wasted the country for sixty miles." Then we are told that "all the kings of those parts gathered together to oppose him." The chief Ritti Marduk took part with Nebu-

* Isaiah xiv. 9–17.

chadnezzar, but was beaten, and his country was made tributary to the "King of Elam." Nebuchadnezzar then went to the rescue of his friend Ritti, "captured the land of Elam and ravaged it." Then when he had returned to Accad (Babylon), he issued this new charter which restored Ritti to the privileges conferred on his ancestors by a former Babylonian king. The recital of these privileges is a revelation of the state of the country, of the habits of the Babylonian empire, and of the oppressions by which its power was sustained. Exemption from arbitrary demands in the way of produce, and of military conscriptions, is the one great boon confirmed to Ritti. He was only a sub-feudatory; and the king, who was his immediate lord, was no longer to exact "taxes of oxen and sheep." No native-born subject of Ritti, whether living in town or country, was to be liable to the military service, and then—most significant of all as regards the atrocious habits of the clan wars—comes the protective clause that "the plantations and trees of Ritti were not to be cut down." Yet this cruel act of internecine strife was the very act of which Nebuchadnezzar and all his later predecessors were habitually guilty, and the perpetration of which is recorded in this same inscription as the result of his success over the confederacy he overcame. "He turned not back from the strength of the field, the wooden growth he cut down."* If we consider the nature and necessary conditions of Chaldean agriculture—its absolute dependence on irrigation, on the constant upkeep of innumerable canals, and on the aid of trees for fruit, for shade, and for shelter, and if we consider farther the nature of the warfare to which we have seen it was perpetually exposed by the ferocious habits of war which arose among the Babylonian and Assyrian kings, we can be at no loss to understand how all the sources of wealth may have been thus destroyed for centuries by the violence, superstition, and brutality of human governments.

26. The great economic lessons to be learnt, therefore, from the desolation of those countries, is that civil laws and customs in respect to the rights of individual possession—to the sacred-

* 'Proceedings of the Society of Biblical Archæology,' App., 1884, pp. 144–50.

ness of contract, to the security of industry—are all in vain unless political institutions are such as to establish external peace, and to establish also such a distribution of political power as to check the ruinous abuses of a central despotism. The habitual practice, again, of carrying off whole populations as prisoners, and using them as slaves at home, is common to all those great heathen monarchies, and was undoubtedly one of the great causes of devastation in the ancient world, and one of the causes which led to their own destruction. Slavery is essentially enervating to the slaveholders, and brings down righteous judgment on them. It is the most extreme and corrupt development of that temper which refuses to acknowledge the rights of individual possession, even where these rights are represented only by the claim of all men to the exclusive use of all their own faculties whether of body or of mind. It is true that there are some kinds of compulsory service which are legitimate, and which are never ranked with slavery. Compulsory military service is one which every society has an ultimate right to require, and many modern nations do now require it. In Egypt the demand of compulsory service for the maintenance of its canal system was probably a necessity from the earliest times. It is true, also, that bondage in some form or other was universal in the whole ancient world which is historical to us; that it was the alternative for slaughter in the case of prisoners of war; that it existed among the Jews; that Christianity found it everywhere still existing, and never expressly condemned it except by the indirect but most powerful of all the processes of condemnation, namely, that of establishing antagonistic ideas and doctrines under which it perished by a slow but inevitable decay. But it may be affirmed with truth that the wealth and prosperity of all societies has been in proportion to the mildness of the customs which diminished the hardships of bondage, limited the numbers of those subject to it, and gave facilities to individual bondsmen to recover, by personal action and merit, the full possession of themselves. The law of the Jews—in express remembrance of their own sufferings in Egypt—was, in this matter, eminently humane; whilst, on the contrary, the

great military monarchies, which were their hereditary foes, lived upon slavery more and more; multiplied more and more the number of their slave population, and depended almost wholly on its cruel use for all the works of industrial life.

27. It is very easy to speak of the "historical method" as one of the means by which to prosecute economic science. But the subtle operations of our minds in all their relations to the external world—which Jevons asserts to be the ultimate seat and source of all economic laws—are not more difficult to unfold and to follow than the facts and revolutions of history in the vanished generations of the past. In particular, there are many facts of fundamental importance the very familiarity of which stands in the way of our full understanding of them. What, for example, can be more wonderful or suggestive than the utter destruction of great societies of men which had attained, in some ways, to a high civilization and to the possession of great wealth? For let us remember, that in the historical facts concerning the destruction of the great military monarchies of the ancient world, we have to deal, not with the mere downfall of particular forms of government—not even only with the destruction of whole races—but with the lasting desolation, and with either the total or the comparative abandonment even of the terrestrial surfaces on which they flourished. Yet such are the facts we have to deal with over a great part of the whole area between the Mediterranean and the frontiers of Persia. And this is all the more striking, and all the more mysterious, when we remember that these surfaces are naturally among the most fertile in the world, the original home—as seems probable—of the vine, of the olive, of the fig, and of wheat—the most valuable of all the cereals. Nor is it less instructive to remember that to one of these vanished races we owe some of the elements of our own highest civilisation in the first germs of written language.

28. It is very easy to avoid troubling ourselves about such questions, or to fall back upon some assumed natural law of decline and death as equally applicable to every social, as well as to every individual, organism. But even if this were certainly true, the physical causes through which the supposed

law operates, must be not less open to observation in the one case than in the other, and we ought to be able to give some account of them if they are indeed of necessary and universal application. The problem is one evidently of immense complexity. Religions, false and corrupting in different degrees, have lain at the root of ideas dominating conduct, and implanting, almost ineradicably, destructive habits. But when we remember that, in those regions, one religion after another has been swept away, and the hideous divinities of one race have been again and again superseded by the pantheon of another, we look for some common cause which has been persistent, and which has survived the reign, as it has brought about the fall, in succession, of Chaldeans, and of Persians, and of Greeks, and of Romans. Each of these races and empires has, on that area, in turn flourished for a while; and each of them has produced a civilisation of which the lasting monuments remain in beautiful fragments, strewing the deserted surface, or buried under the rich but uncultivated soil, or overgrown with its tangled vegetation. And all this has happened, not in any distant or inaccessible region of the globe, but, as it were, within sight of the Mediterranean Sea, and within easy reach of Christian Europe. Yet for centuries her chivalry, under the strongest of all incentives, fought in vain to re-establish on any firm foundation the civilisation which had once been so rich in promise, but which had been so often and so utterly destroyed.

29. We cannot question ourselves too closely as to what we can see, or can make out, as to the laws governing such a memorable series of events; more especially when we recollect that they are in continuous operation over the same regions now, or, at the best, are only beginning to be held in check by other laws tending to a reconstructive work. Of this at least we may be sure—that the laws which have operated so long and so destructively belong to our science of economics. One of the very best ways of tracing the origin of anything is to look to the places where it does not exist, and to observe the conditions which have been found to be incompatible with its very birth, or with its continued life. So it is with wealth.

A clear light is cast upon its nature and its source when we can identify the conditions which have everywhere choked and killed it; especially if this effect has been produced despite of all natural or purely physical conditions which might have been favourable to its development. And here comes in the value of our definition of that in which wealth consists; and especially the value of the very first of the elements into which we have seen it to be resolved. In those desolate lands of Western Asia, that one element in wealth has for centuries been wholly wanting. There has been no secure possession. War has never been so directed for any length of time as to discharge its one great function, namely that of fulfilling the vision of Jeremiah—the vision of "houses, and fields and vineyards being possessed again in the land." On the contrary, war has been conducted with aims, and in a spirit which has destroyed possession, or kept it in perpetual danger. Peaceful industry, founded on individual possession, could not exist within sweep of the whirlwinds of Ninevite and Babylonian kings. The dominion of both the Greek and the Roman was in those regions comparatively short-lived, and associated with declining empire; whilst in later times the great curse of the Mohammedan conquests has been as destructive as the chariots of Sargon and Sennacherib, or of Shalmanezer and Nebuchadnezzar. The dominion of the Turks over the most interesting regions in the world has smitten them with the weakness, corruption, and insecurity in which it now lives itself. Dragging out its doomed and miserable existence, the Turkish Empire will probably be the cause of war again at no distant date; but of war waged, let us hope, with nobler aims, and with happier results than any which have been waged since Joshua crossed the Jordan. It is strange indeed to contemplate such a long continuity of suffering; such a waste of great natural resources; such abomination of desolation standing so long in such holy places.

30. It is one of the great advantages of our science, however, that it need never be at a loss for food. No phase of man's existence is destitute of instruction as regards it; and those stages of society in which wealth is at its lowest ebb may be

the richest of all in illustrations of its birth and growth. We may take an illustration from some well-known facts. Sometimes, when good pasture land has been inundated by a river-flood, the whole area is so covered with sand and stones that the sea beach is not barer of vegetation. In such cases it is interesting to the botanist to observe the order in which various plants are re-established, until at last, slowly but surely, its verdure is restored. The same operation is often seen at work in new land, first formed by the delta of a river, on which gradually vegetation begins almost mysteriously, and on which, when once begun, it goes on apace. In looking at such a process and its result, we learn that the air is always full of seeds ; that, though invisible, they are blown about by every wind ; and that here and there the strongest of them will take root and grow. So it is with our race. Wherever man exists, however bare and wasted may be the soil around him, the germs of his nature are ever-living and indestructible, and we may see them developing wherever they can secure a hold. Hence the interest which attaches to every case in which we can trace in our own day the first beginnings of a new plantation of men—the foundation stones which human instincts lay in the building up of a new society. And such cases are all the more instructive when they arise without consciousness and without deliberate design—not by mere immigration or conquest from without, but as the spontaneous growth of native seed.

31. Such a case we find lately recorded in the narrative of one of the European engineers who are concerned in the exploration of Palestine. He wished to identify the site of Abila, one of the ancient cities of the Decapolis, or the region to the east of the Jordan which was so called from the number of Greek colonies which had been established there. No part of the countries which for many centuries have lain desolate is more interesting than this, because none is more full of the remains of a vanished civilisation, or carried farther back into the depths of the oldest genuine history which we possess. Long centuries before the Greeks and Romans had covered it with their homes and temples, it had been peopled and settled

by the races whom we encounter in the history of the Jews, sometimes as enemies, sometimes as allies of the Hebrew people in their contests with the common Chaldean foe. A German traveller has identified the city of Abila with that mentioned as one of those attacked and taken by Tiglathpileser in the days of Pekah, King of Israel, with the usual result of the people being carried captive to Assyria.* But, under the Greek, the Roman, and the Byzantine Empires, it had been again inhabited by a rich and prosperous population, as evinced both by the remains of heathen temples and of Christian churches.† It is now almost utterly deserted; but on the fertile lands which once belonged to it, a little way off from the ancient site, a village of about forty huts, built chiefly of mud, represents in a form most striking and typical the first planting of economic wealth. Exposed, as all that country has been for centuries, to the incursions and ravages of these Bedawin tribes, who are robbers by profession, and who hate all men, even of their own race, who take to cultivation and a settled life, individual possession can never be securely held until its "hedges" have been restored. And the first of these "hedges" consists in the defence of armed men. The Turkish Government in those regions does nothing to defend its people, whilst it everywhere exacts the proportion of produce which would be fairly due as the price of it, if it were really supplied. But in this fertile territory of the ancient Abila, one man has lately arisen from among the poor and oppressed population with those exceptional energies which, in all ages of the world, have been the sources of possession, and consequently of wealth. He had called his brother "fellahs" to arms; he had organised their defensive action; he had taught them how to drive off the Bedawins. After long and bloody skirmishes with them, he had ended by having his ownership in the land duly registered. He now holds the little settlement as his own property, while all the inhabitants are his "ploughers" or "harratin." When the German engineer, Herr Schumacher, visited the place in

* 2 Kings, xv. 29.

† 'Palestine Exploration Fund,' Quarterly Statement, July, 1889.

February 1889, he was led by the new proprietor to a spot near his hut whence a view could be had of a large extent of rich and well-cultivated land. The brave old man then addressed him thus: "See, my son, this village is my own; the land all around is my property; but I have 'harratin' to whom I rent the land—they plough, cultivate, and sow it, and the fifth of the net income of the crops is mine." *

32. There is no teaching in economic science like the facts of human life; and none of these facts are so rich in lessons as the very simplest and the most archaic. The only difficulty is to exhaust their meaning, to see all that may remain unnoticed, because too deeply imbedded in them, too inextricably interwoven with them. In this story of Sheikh Jeber in the Jaulan, we have a fact of human life belonging to the condition of things rare in our time, of which we have had no personal experience, but which, on reflection, we can see is a mere repetition of similar facts which must have occurred over and over again at the founding of all civilised communities. Moreover, it is a fact of life of which, by a curious coincidence, we have an historical record as having occurred in the same region some 3130 years ago. At that time the Hebrew tribe of Manasseh was harassed by the devastating incursions of the Midianites, one of the heathen tribes which then inhabited the country east of the Jordan valley. The children of Manasseh seem to have lost their military character, and were unable to defend their own possession. Then arose one man among them—the famous Gideon—inspired with a new genius and courage, who rallied his brethren for the fight, and smote the enemy with a great slaughter. Wellhausen, the German professor, whose aim is always to bring home to us in the light of ordinary human history all that seems marvellous in the records of the Jewish people, has given an account of this transaction which is a literal explanation and description of the work done over again by Sheikh Jeber near Abila in our own day. Speaking of Gideon and of his work, he says:—"His heroism had consequences which reached far beyond the scope of his original purpose. He

* 'Palestine Exploration Fund,' Quarterly Statement, July, 1889, p. 18.

became the champion of the peasantry against the free-booters, of the cultivated land against the waste; social respect and predominance were his rewards." * In other words, he acquired great wealth, and lived and died in peace. On a smaller scale, and beginning from a lower level, the work of Sheikh Jeber was the same, and the consequence the same in kind. War waged for the legitimate purpose of securing possession; and thereafter peaceful enjoyment and peaceful work represents, in his case, the "sword of the Lord and of Gideon." He had the same reason to thank the Giver of all genius and of all inspiration to individual men that his "arms had been taught to war and his fingers to fight."

33. And now let us observe how this story illustrates the next, and—to us—the more familiar stage of secure possession. Although it had been gained by arms, the possession which he had secured over the rich arable land of Abila did not continue to be visibly held by force alone. It was not fortified. There were no built walls, "no towers along the steep." The tenure which had begun in the experience of enemies and in the exercise of military power had passed into the tenure of an acknowledged right—acknowledged by the Bedawin, who feared to attack him; acknowledged by a central Government under which he lived, in the formal registration of his right; and acknowledged, last but not least, by his poorer and less able neighbours, who were too glad to come under his protection and to take a subordinate share in that right of exclusive use without which the labours of the husbandman are vain.

34. The simple description given in the Book of Judges of the hopelessness of husbandry in countries subject to predatory tribes, is an expressive and perfect picture of the same thing in all ages of the world—"And so it was that when Israel had sown, the Midianites came up and destroyed the increase of the earth, and left no sustenance for Israel, neither sheep, nor ox, nor ass . . . .; and Israel was greatly impoverished.'† In the

* 'Encyclopedia Britannica,' ninth edition, vol. XIII., in voc. 'Israel,' p. 401.

† Judges vi. 3–6.

language of the Psalms we have the same inseparable connection between wealth and security of possession, expressed in every variety of form :—"He maketh peace in thy borders, and filleth thee with the flour of wheat." * And therefore it is that the individual men who have been the instruments in procuring peace on the borders of any group of families, whether small or large, have been universally recognised as the original source of that one contribution to human work on which all other kinds of labour are absolutely dependent. If Sheikh Jeber had been killed in fight with the Bedawin, the bond which gave strength to his followers would have been broken. They would have been obliged to leave the open but fertile fields of Abila, or to maintain, like the enfeebled children of Manasseh before the rise of Gideon, a precarious existence in the rocky caves of the ravines around them. The only hope which any man could have who ploughed and sowed that land, that he would be allowed to reap the crop, was a hope which had come from Sheikh Jeber, from the energies of his brain, and the strength of his right arm. And so the exclusive right of use, which is the essence of possession, arose in his person. It came from him. He won it. He made it—in even a higher and fuller sense than that in which a bow, or a spear, or a gun is made. He did not make the soil, he did not make its qualities ; nor did he make its geographical position. But he did make the possibility, the power, and therefore the right of using it, to the exclusion of the Bedawin, without which it could no more become a source of wealth to any sower, than any corresponding area on the surface of the moon. The "ploughers" and the "sowers"—the "harratin,"† as they are locally called—felt and knew, without being philosophers or economists, that the crops which visibly and apparently might seem to be the produce of nothing but their own hands and of the soil, were also and especially the produce of their Sheikh's hands and of the energies of his character. They felt and knew in the concrete

* Psa. cxlvii. 14 (Prayer Book Version).

† Doubtless from the old Aryan root of "ar," a plough—whence our word "arable."

what reflection teaches us in the abstract, that it was the Sheikh who had supplied the one essential condition of all agricultural production. And when they sought to secure for themselves a share—exclusive of all other men—in this pre-requisite condition of an exclusive right, they knew and felt that they must pay for it some agreed-upon proportion of the produce.

35. But farther, these ploughers and sowers knew that, as regards themselves, the exclusive right of use which they sought and were too glad to pay for, meant a good deal more than the exclusion of the Bedawin alone. It meant equally the exclusion of all others of their own class who might be as anxious as they were to secure this right of sole use over an area of land which had been made safe against invasion. Into that thinly-inhabited country, much of which is naturally very fertile, and much at present wholly waste, there is always going on small and occasional migrations from the north of people who are elsewhere still more oppressed. There are Circassians dispossessed of their own mountains by Russia. There are Armenians, of mixed races, whose hills and valleys are ravaged by the Kurds, said to be a remnant of the old Chaldeans,* and are as bad as the Midianites of old, or as the Bedawins of the present day. There are other fragments of humanity broken up during the course of miserable centuries, all of whom hope to find in vacant Palestine some new home. It may be said that in those countries the seed of Adam is blown on every wind, ready to take root wherever it can find that one great need of life—protection in the exclusive right of use over some bit of the world's surface. In a very rudimentary form, therefore, but in effects as real as those which arise in more advanced societies, competition exists even in the Jaulan, and with this result, that Sheikh Jeber would be under no difficulty in finding other ploughers and sowers to take advantage of the possession he has won, if those whom he had trained and led should refuse his terms.

36. If the Turkish Government represented an advancing instead of a declining empire, we could follow with certainty

* Rawlinson's 'Five Great Monarchies,' vol. I., p. 296.

the laws of development under which the facts of Sheikh Jeber's case would repeat themselves all over the country, and would end in the establishment of a settled and a wealthy people. There is nothing so contagious as a great example. In all races there are born from time to time men of exceptionally strong character, men who in natural ability of various kinds stand a head and shoulders above their fellows. Slowly, perhaps, or more quickly, according to impeding or favouring circumstances, chiefs would arise who would repeat Sheikh Jeber's work. The central Government would repeat also its recognition of accomplished facts, and would enter upon its legal register of public and acknowledged rights those claims to exclusive use which had been thus fairly won. Thenceforward they would become the subject of transmission from one generation to another. They would be matter of purchase and of sale, of lending and of borrowing, and of all other forms of transaction which can arise in economic relations between man and man.

37. But there is one great change that arises naturally in this course of things—a change which is fundamental in economic science, but which may very easily escape observation. That which was at first physical and material, becomes mental and immaterial. That which was visible becomes invisible. Possession, which began in arms that can be seen, and touched, and handled, passes into rights which cannot be seen or fingered like swords, or spears, or rifles. There is a famous Roman proverb to express the suspension of ordinary law when fighting reigns supreme—"*Inter arma silent leges.*" The converse maxim may be well employed to express the substitution of opinion and of law for force and arms when peace has resumed its sway—"*Inter leges silent arma.*" The implements and the weapons, the gallant men who wielded them, by which and by whom possession was originally secured, can be no longer seen. They pass, as it were, into the darkness of the past, and the light of succeeding days shines on nothing more substantial than the written words of recorded documents, on the spoken words of judges, on the accepted doctrines of society, and on all the evidences which

in civilised communities constitute and enshrine the legal rights of men.

38. But in spite of this invisibility—of this release, as it were, from material form, the thing, the right, which is thus transmitted is not only a reality, but the one supreme reality in which all wealth consists. In our own times wealth often takes a form which is wholly unknown to primitive conditions of society—the form, namely, of what we call "shares" in commercial or manufacturing undertakings, or in national or municipal debts. These shares are acquired by purchase, and the thing purchased is not a visible thing at all, not any lump of matter, but a mere right to what in itself is invisible and immaterial. It cannot be gripped in the fingers or held by strength of arm. And yet we keep to the old word used figuratively; and language here, as elsewhere, is the lasting record of the visible and material kinds of possession that have now passed into the higher guarantees of possession which are the product of higher conditions of society. We talk of "holding" shares—although the only thing which we can physically hold is some paper record of an acknowledged right. The right which is thus possessed does, indeed, translate itself into another form—the right to get a certain quantity of gold; and gold is a substance which can certainly be held in the hand, and can be defended by strength of arm. But gold is itself but another symbol—depending for its value on other things which are invisible—such as those laws and understandings of mankind that make gold an accepted representative of value, and an universal medium of exchange. But, practically, the right which we hold in shares is not generally even translated into the possession of gold, but only into the possession again of yet other symbols of invisible rights; so that in our times it is quite possible for men to possess millions of money without ever seeing or using one single gold coin, or anything more substantial than some bits of paper. But these bits of paper are forms of credit; or, in other words, they are the record and guarantee of acknowledged rights.

39. It is, however, necessary to remember that, economically,

all this elaborate system on which possession rests in highly civilised conditions of society, is but the fuller development of the natural law which works even in the very earliest and rudest economic state. Even where "holding" in its literal sense can apply to nothing except to some weapons of the chase, or to the carcases of slain or captured animals, there always lies behind that kind of holding another and a more fundamental kind, namely, the possession of an exclusive right of use over some area yielding game. This right again becomes more definite, and more obviously essential, when the right of exclusive use rises into the possession of flocks and herds; whilst it assumes its highest importance of all as the one indispensable element in agricultural production. "Holding" can indeed be applied in the literal sense to the products—to corn and wine and oil, to figs and grapes and olives—but it cannot be literally applied to that one thing without which none of them could be produced at all, namely, the right of exclusive use over certain areas of soil. But this kind of possession, even more than any other, has been always first acquired at the cost of human exertion—of exertion, too, of the highest kind—of enterprise, of daring, of skill, and of power of character, and at the risk of life. This is the thing which, when once acquired, becomes as lasting as the nation or the community which it may have founded, and in which, by an enduring and ever-living memory, it is held and recognised. This is the thing which passes from generation to generation, and from hand to hand for indefinite periods of time. This is the thing which individual men, other than those who hold it from the original workers, must acquire, if they seek to get it, by purchase or by hire. This is the thing for which they have to pay the price, whatever it may be, of buying or of hiring. This is the thing which may indeed be lost, as it was acquired, by national defeat in war; but which, for the most part, even conquerors, if civilised, are in the habit of respecting.

40. Yet it is important to observe that, although this thing is not a lump of matter but a right, yet the symbol and subject of it is more obviously, than in other cases, an outward and

material substance, namely, a visible area of country. But an area of country cannot, in the literal sense of the word, be "held," or grasped in the hand, or moved about as its products can. By one of those shorthand processes of language, through which complex thoughts are expressed in simple words, we speak of possessing and holding an area of country, just as we speak of possessing and holding an ox, or a sheep, or a measure of corn or a share in stocks. But the thing which is literally held is not the soil, nor its qualities, but the right of an exclusive use of these—which right is in itself an immaterial thing—and is so far holdable and movable, that it follows the man who has it wherever he may go. One of the great parables in the New Testament is a graphic picture and illustration of this necessary incident in the very nature of agricultural possession. In the parable of the vineyard, the possessor of the exclusive right of use is described as "letting it out to husbandmen," and himself going "into a far country for a long time." * What those husbandmen got was the temporary loan of an exclusive right; and the price they had to pay for this loan was some definite proportion of the produce. The wrong they did in refusing this price to the agents of the man to whom the right of possession belonged, lay in this, that the husbandmen were refusing to recognise that right on which alone their own secondary, derivative, and temporary right depended. They may have deceived themselves into the idea that the produce which the vineyard yielded was visibly the produce of their own handiwork alone; but if they did so deceive themselves it could only be because they forgot the fact that the produce of the vineyard was due also to another kind of labour, older and of higher quality than their own. Without this older and higher kind of labour, their own hands would never have had access to the vineyard at all, or their products would have been the defenceless prey of every passer-by. But, although this was the historical and scientific explanation of that in which their wrong consisted, it is not presented to us as the secret of their conduct. They had, of course, entered upon their own temporary possession

* Matt. xx. 9–16.

under an agreement as to the price they were to pay for a right which, by the known laws and usages of their country, belonged to another man. In breaking this agreement, they were guilty of robbery with violence, stimulated by the desire of themselves acquiring for nothing that right of exclusive use which had been acquired by another at the greatest of all costs. The narratives of the New Testament do not, any more than the narratives of the Old Testament, enter upon philosophical disquisitions on the abstract principles underlying the ordinary transactions of men. But they indicate very clearly what those transactions have been, ever since the oldest societies on earth began; and they assume the highest sanctions of the moral law to be involved in the duty of paying respect and obedience to the recognised rights and obligations on which those societies had been established.

41. The great antiquity, and, as regards each individual society, the primeval antiquity, of the same facts and principles in respect to individual possession, do but repeat for all past time the universality or ubiquity of them over all the existing world. "*Securus judicat orbis terrarum*," is a maxim we may as safely trust in tracing the growth of the social organism, as in the laws governing the development of individual forms of life. It is somewhere about forty centuries since the same facts appear in the migration of Abraham, and in the way in which his children occupied a comparatively vacant land. It is some thirty-three centuries since the children of Israel gained possession of the land of Canaan by the sword under the leadership of Joshua. It is some thirty-one centuries since Gideon recovered for the enfeebled and "impoverished" tribe of Manasseh, the one indispensable condition of comfort and of wealth which consists in secure possession. It is nearly twenty-five centuries since the Prophet Jeremiah illustrated his confidence in a return from exile and captivity, by a transaction which typified the restored security of individual rights. And now, in our own day, and in the same region, we see the same great natural laws again in operation, in the first germination of the seeds of wealth. In those laws we see the explanation alike of the rise of great nations, of their decline

and fall, of the later desolation of some of the most naturally fertile regions of the globe, of their continuous poverty for many centuries, and now again of the only process by which prosperity can be restored. Such a long series of changes, operating through such a long course of ages, and all distinctly referable to the operation of one set of causes, is an object-lesson in economic science such as no other history in the world presents. But we have much yet to observe, and much to think of, in that lesson, which must be the subject of another chapter.

## CHAPTER VI.

### THE DESTRUCTION OF WEALTH.

1. THE utter destruction of wealth where it was once established, and where it flourished for many centuries, is a phenomenon of the highest significance in the study of economic science. It is all the more significant if this has happened in regions of the earth where all the purely physical sources of wealth are plenteous and even inexhaustible. Even if we assume—as the facts might undoubtedly suggest—that there is a law of mortality affecting nations just as certain and inexorable as the law of mortality affecting individual men, at least we ought to be able to trace the moral and physical causes through which that law operates. If these causes be capable of being identified with anything like scientific certainty, and if they be found to be causes not seated in external nature, but almost entirely in the opinions, conduct, and generally in the mind and character of men, in their relations with the external world, then the presumption would arise that they are more or less removable, and that consequently the results of them are not inevitable.

2. The central idea of all science is the idea that every course of things can be resolved into some intelligible order of cause and of effect. And so the central idea of our present science is that all the growth and the decay of wealth in human societies must be intelligible, and can be explained, like every other natural course of things, upon the same principle. Yet this is the hardest of all lessons for us to learn. In the physical sciences, indeed, it is now universally admitted. But men will not easily admit it where their own mind and will are the

causes principally concerned. The almost infinite complexity of human motives and desires seems to resist analysis. The chain of natural consequence which hangs upon their nature and action has so many invisible links that its continuity is constantly broken to the eye. These invisible links are the neglected or forgotten elements which as constantly vitiate our reasoning. Moreover, besides these invisible links there are others which we can and do see readily enough, but which artificial definitions of economic words and false limitations placed upon the scope of economic science, tempt its teachers and its students to dismiss as out of court. Religion, morals, and politics are railed off as regions upon which the economist is not called upon to enter, or is not even entitled to intrude. That is to say that a whole host of causes—the most powerful of any that operate on the development or decline of wealth—are cast aside as not belonging to the science which professes to deal with these results as its special subject. The ideals that men worship, the propensities they indulge, the habits and manners they allow to grow up amongst them, the laws and institutions which embody their conceptions of political authority and of social obligation—all these are the very seat and centre of the causes which operate upon the rise, duration, and decline of wealth.

3. Those writers, therefore, who imagine that the treatment of this great subject is more strictly scientific in proportion as they make its supposed domain more rigidly fenced off and separate from all else, are greatly deceiving both themselves and others. What they generally do is not really to exclude the class of causes which they pretend to leave aside, but only to assume unconsciously the universal prevalence and permanence of conditions in respect to them, which they see to be prevalent in their own time or country. Yet this assumption may be wholly erroneous, and if it were put into words, its deceptive character would be at once detected. It is only under cover of silence, and an imagined abstention from any reference to the subject, that this assumption escapes notice, whilst it is none the less effectively present, and very often vitiates the whole processes of argument which are employed.

The conduct of men is determined by the motives which habitually act upon them. These, again, arise partly out of the insuperable conditions of our own nature, and partly out of the local atmosphere of opinion in which we have been born, and live. The aims, ideas, and desires of the particular society to which we belong are very often the only aims, ideas, and desires which men can cherish or even understand. Insuperable barriers of hereditary customs and traditions stand in the way of new ideas, whilst universal tendencies to corruption and abuse are among the most unquestionable facts of human history. Nothing, therefore, can be more erroneous than the idea that the motives and activities which are concerned in the production of wealth can be separated from the moral, ethical, and political restraints and conditions of society, either now or in ancient times. It is true, indeed, as we have seen, that in our human nature, under every phase of its condition, there are certain permanent elements. Among all men the germs can be detected of almost every motive which, when developed, may change and elevate the whole being from the savage to the civilised man, or may, on the contrary, reverse the process, and end in utter degradation. But it is not true that we can reach this result of analysis as regards the activities which lead to wealth, without passing freely over the boundary walls and fences within which many economic writers would confine our science. And this is perhaps best seen and proved when, as an essential work in that science, we have to trace the causes which have led to the destruction of wealth—in places where it once conspicuously flourished, and has since been as conspicuously destroyed.

4. If now we revert for a moment to the history of the five or six great monarchies of the ancient world which have left nothing behind them but desolation and the terrible bequest to all later generations of misgovernment as ruinous as their own, we shall find, as a leading fact, that every one of them tended, in the long run, to make possession insecure in the hands both of individual societies and of individual men. In most cases their ideas of religion, and in all cases their ideas of political organisation, of morals, and above all, of war,

tended to this result. Their gods were, figuratively and often literally, like the gods of Mexico, hideous inventions of a savage nature, who could only be propitiated and served by the sacrifice of human suffering. Their polygamous habits, or habits even worse, were destructive of the individual family. Their universal and systematic employment of slave labour on a gigantic scale was equally destructive of individual liberty, and involved an enormous waste of one of the great instruments of all production. Their idea of the object of war was that of vengeance and devastation, or of the possession of nothing beyond tribute in money and in compulsory military service. They were all pure military despotisms, since even the monarchs who were theoretically elective became absolute the moment they were placed upon the throne. In spite of some juridical traditions which evidently came down from earlier and simpler times, their subjects had nothing which, as against the tax-gatherer, they could call their own. Consequently they had nothing in secure possession, not even their lives—still less anything that could be called by the name of property. The whole country was conceived as belonging to the monarch as head of the State, and all its resources were at his disposal. His exactions of produce, which had probably been once fixed in amount, became, by the abuses of power, practically unlimited. They were not measured by any just estimate of the cost of protection, or of the needs of a peaceful administration. Neither were they fixed, as modern rents are really fixed, by the automatic valuations of the market price of possession open to all who had the price to pay. Neither were they regulated by old customs, which have generally arisen out of natural adjustments between the wants of those who can give possession, and the needs of those who seek to get it either permanently or for a time.

5. There are some very ancient and immemorial usages in the East as to the proportion of produce which the Sovereign might usually demand—a proportion which is probably represented by the rent charged by Joseph to the Egyptians when by his devices he had put his Pharaoh in the position of an universal owner. It is the same pro-

portion which we have seen Sheikh Jeber charged to his "sowers" for the land which he had made his own—namely, one-fifth. All over the East the revenue system has rested theoretically on some such fixed basis. But in despotic monarchies nothing is ever fixed, and we have sufficient indications that the exactions of the Chaldæo-Assyrian monarchies were, or became, purely arbitrary, limited only by the amount which could be enforced from year to year. A mild and wise monarch might arise occasionally, and then the exuberant natural fertility of some of the richest soils in the whole world might diffuse a wide enjoyment of plenty for a single lifetime. But the standard motives arising out of the standard ideas of the race, of the religion, and of the political system, were always coming into new play again, paralysing those individual energies in which lie all the springs of wealth. Whilst their perpetual wars, therefore, swept like whirlwinds over the adjacent regions, and depopulated great extents of country, their home administration became of necessity almost as fatal to the establishment of wealth. It would be difficult to say what was most directly the cause of results which have survived to the present day. We must remember the vast areas over which many of these wars extended. At one time the empire of Assyria extended from the mountains of Armenia to beyond the cataracts of the Nile. Speaking of one of those ancient monarchies—that of the Medes—Professor Rawlinson says, "Spoil, it would seem, was disregarded in comparison with insult and vengeance, and the brutal soldiery cared little for either gold or silver, provided they could indulge freely in that thirst for blood which man shares with the hyena and the tiger. It has been observed, with justice, that the same general features have at all times distinguished the rise and fall of Oriental kingdoms and dynasties. A brave and adventurous prince, at the head of a population at once poor, warlike, and greedy, overruns a vast tract, and acquires extensive dominion, while his successors, abandoning themselves to sensuality and sloth, probably also to oppressive and irascible dispositions, become, in process of time, victims to those same qualities in another prince and

people which had enabled their own predecessors to establish their power."*

6. There are still existing on the earth—although in the last stages of decrepitude and decay—two empires which represent, and reproduce, most of the vices which are thus described as having characterised the great military monarchies of the ancient world. These are the Turkish and the Persian empires. Moreover, they still divide between them the greater part of the same great area of the earth which was blighted then, and is blighted still. The same great economic causes are producing the same economic effects. From the Mediterrannean to the frontiers of Afghanistan, and from the Caucasus to the Nile, there has been, in all the vast extent of Western Asia, increasing poverty and depopulation, except only in spots where European civilisation has lately secured some footing or control, and has begun a reconstructive work. Neither to race nor to religion alone can we ascribe directly the likeness of effects which connect these still existing monarchies with those of the ancient world. Mohammedanism stands in absolute contrast with the religion of the Chaldæans, or of the Babylonians, or of the Medes, or of the older Persians. Theologically speaking, nothing can be more absolutely different than a pure Monotheism from the worship of Baal and of Ashtaroth, or the teaching of Zoroaster from the teaching of the Arabian prophet. But the connections of thought through which religious tenets act, or, on the other hand, fail to act, upon the conduct of men, form a very difficult and complicated subject. The development of all heathen religions has been, without exception, a development of corruption. In India we have ourselves had to aim at reform, and in some conspicuous instances to effect it, by proving that the earlier teaching of the Aryan theology did not justify or even excuse many destructive practices which had come to be associated with its worship. And so in the more Western offshoots from the same parent stem, we cannot directly ascribe to their theology the practices and conduct of the great empires of the Medes or of the Persians. It is said, for

* 'Five Great Monarchies,' vol. III. p. 78.

example, that in the older Zoroastrian religion, doctrines were laid down which, if they had been followed up to their conclusions, would have secured to the people of Western Asia all the wealth and blessings of a peaceful industry. According to that doctrine, we are told "man was placed upon the earth to preserve the good creation; and this could only be done by careful tilling of the soil, eradication of thorns and weeds, and reclamation of the tracts over which an evil deity had spread the curse of barrenness. To cultivate the soil was thus a religious duty; the whole community was required to be agricultural, and either as proprietor, as farmer, or as a labouring man, each Zoroastrian must 'further the works of life' by advancing tillage." * But abstract ideas of obligation like these are enforced in vain by old philosophers and prophets, if the conceptions of government and the conditions of society are such as to take the very possibility of realising those ideas out of the hands of men. Yet such, precisely, were the conceptions of government and the conditions of society which prevailed under all those ancient monarchies. They crushed the free individual energies of man into the very dust under a grinding despotism. The absolute insecurity of all possession was the universal experience of the people. The sense of this insecurity was like an abiding presence, under which they lived in fear. The true function of arms, which is to secure possession and then to hold it in peace, was converted into a vast engine for the actual dispossession of millions abroad, and for inspiring the dread of it on millions at home. The true function of government, which is to organise the protection of men in the enjoyment of their individual rights, was perverted into the function of organising an unlimited power of spoliation.

7. On this subject there is wonderful significance in the well-known legendary story which has come down to us in the Hebrew Book of Esdras. The great monarch Darius, we are told, made a great feast to all the high officers of his vast empire which stretched from India to Ethiopia. And after the feast King Darius went to his bed-chamber and slept. Then three young

* Rawlinsons's 'Five Monarchies,' vol. III. pp. 113–14.

men who desired—as was often done in Eastern despotisms—to climb into favour with the monarch by some ingenious service or device, agreed to put in writing, under the pillow of Darius when asleep, three wise sayings which would attract his attention to the writers of them, and would lead him to encourage an exhibition of their eloquence and wisdom. And so one of them wrote a sentence in praise of wine ; another wrote a sentence in praise of kingly power ; whilst the third wrote of the power of women, and of the power of truth. Then when Darius had awoke, the three sentences were delivered into his hands ; and he called a great assembly, before which the three young men were each to speak the praises of his chosen chiefest good. And Darius sat him down in the royal seat of judgment, and the order went forth to the young men, "Declare unto us your mind concerning the writings." Then the praiser of wine dwelt upon its power over all men in equalising all conditions, and especially on its power to drown in oblivion all the evils and cares of life. It is described as turning every thought to jollity and mirth, so that a man remembereth neither sorrow nor debt. It is praised as "making every heart rich," whilst the essence of this imagined wealth is described in the telling illustration : "so that a man remembereth neither king nor governor." No parable could exhibit more forcibly the terrible fact that throughout those vast monarchies the government was regarded, not as the great protector, but as the great spoliator and destroyer. And this comes out still more strikingly in the next speech, which was in praise of the kingly or imperial power. No picture has ever been drawn by the hand of man at once so literal in substance, and so poetic in form, as this picture attributed to the young Jew Zerubbabel, of the political and economic condition of the people under an Oriental monarchy. "Men"—he said—"who excel in strength may bear rule over sea and land, and all things in them ; but the kingly power is greater still, because it bears sway even over these natural rulers of the world. Thus, the king is more mighty ; for he is lord of all these kings, and hath dominion over them ; and whatsoever he commandeth them

they do. If he bid them make war the one against the other, they do it; if he send them out against the enemies, they go, and break mountain, walls, and towers. They slay and are slain, and transgress not the king's commandments: if they get the victory, they bring all to the king, as well the spoil as all things else. Likewise for those that are no soldiers, and have not to go into wars, but use husbandry, when they have reaped again that which they had sown, they bring it to the king, and compel one another to bring it to the king. And yet he is but one man: if he command to kill, they kill; if he command to spare, they spare; if he command to smite, they smite; if he command to make desolate, they make desolate; if he command to build, they build; if he command to cut down, they cut down; if he command to plant, they plant. So all his people and his armies obey him: furthermore, he lieth down, he eateth and drinketh and taketh his rest; and these keep watch round about him, neither may any one depart and do his own business, neither disobey they him in anything." *

8. This last touch, representing the forced withdrawal of men from "their own business," and their employment in utterly useless, or even in destructive, labour, is a touch which brings home to us the great fundamental truth of economic science, that in the freedom of men to pursue their own individual interests lies the richest fountain of national welfare. It is a fitting prelude to that magnificent eulogium on truth which concludes the speech of Zerubbabel. For in that speech the conception of truth begins with a reference to the order and regularity of the movement of the heavenly bodies as the highest testimony to the character and power of the Creator. This conception passes into that of the universal empire of law based upon righteousness and truth. Truth is then represented as being everything that is the opposite and antithesis of all that characterised the empires which the second speaker had so graphically described. "All the earth calleth upon the truth, and the heaven blesseth it. . . . . It endureth and is always strong; it liveth and conquereth for evermore.

* 1 Esdras, chaps. iii., iv.

With her there is no accepting of persons or rewards, but she doeth the things that are just, and refraineth from all unjust and wicked things, and all men do well like of her works. Neither in her judgment is any unrighteousness, and she is the strength, kingdom, power, and majesty of all ages. Blessed be the God of truth."

9. The force and power of the whole of this story is not less remarkable than its profound philosophy. It sets forth the deep contrast and antagonism between the great monarchies of the heathen world and that other kingdom of just and righteous laws which is the kingdom of Nature, which alone is to be an everlasting kingdom, and whose dominion will alone endure throughout all generations. The suppression of all individual freedom, the habitual seizure of the fruits of individual industry, the constant perversion of justice by greedy and venal satraps, the enormous waste of labour, and, above all, the universal sense of insecure possession—these were the characteristic features of those monarchies; and they are the characteristic features of what still remains of them to the present day.

10. The picture painted by Zerubbabel, some two thousand five hundred years ago, of the economic condition to which regions subject to Persia were reduced, is an exact representation of the condition of the same regions as described by Sir Henry Austin Layard in his most interesting but painful reminiscences of travel through Persia only twenty-five years ago. A central Government—weak, sensual, and despotic—farms the administration of its provinces to eunuchs or other favourites of the Court; whilst the fiscal system they administer is one of indefinite exaction from the agricultural classes. Such local chiefs as have survived at all, and who might become the centres of resistance to oppression, are systematically crushed by every device of treachery and by every infliction of cruelty and confiscation. A lawless soldiery is sent to invade their estates, to pull down their castles, and to carry off themselves and families into a wretched captivity at Teheran. Sir Henry saw ladies who had extended to him a simple but generous hospitality in the country languishing

in the capital in a condition of penury and privation, exposed to actual cold and hunger. Their clansmen and dependents were, of course, left with no protection against robbery of the Government officials. And so poverty and desolation spread more and more over the land; and the very sources of wealth are dried up because of that one great cause—the insecurity of individual possession.

11. The religion of Islam, which is the religion both of the Turkish and of the Persian Empires, does no doubt contribute its own powerful contingents to this seething mass of debility and corruption. From its beginning, it was a religion of the sword—and of the sword, too, inspired by fanaticism, and by the true oriental lust of mere dominion. The earliest wars of Mohammed were wars for revenge and plunder. The whole spirit of his system was adverse to peaceful industry. Its intense self-confidence and pride, as well as its fatalistic teaching, were hostile to the very notion of improvement, and resisted with contempt the very approach of any new idea. There can be no doubt of the fact, however it may be explained, that every existing Mohammedan government in the world is now in the last stages of decay. Nor, amongst many others, can it be difficult to fix on at least one element in those heavy contingents which it has furnished to the destructive forces that prey upon societies of men. The one primeval and indispensable unit in all social grouping of mankind is the unit of the Family. But this is precisely the unit which the morals and manners of the religion of Islam has destroyed among the governing classes of every country under its disastrous sway. And with the destruction of the family there comes, of necessity, the destruction of the best and often the only chance of any continuity in such accidental good as may occasionally arise out of the inexhaustible varieties of human character. Great and good sovereigns could not survive in representative descendants. Among all races, and almost out of all religions, good and benevolent monarchs have arisen, men of exceptional genius and virtue, like Marcus Aurelius out of Roman heathendom, or the Emperor Akbar out of the Indian Moslems. But under

polygamy there is no security or continuity of succession. The probabilites are all against any succeeding sovereign being stimulated to just and equal government, by the remembrance that such had been his father's conduct, or that such were the maxims of a great ancestral history.

12. But the destruction of the family among the ruling classes is only one of the offshoots from a great stem of evil which has innumerable branches. The most fertile of all fallacies is that by which we personify abstractions, and then attribute to the personification functions which do not belong to it. The group of men to which we belong—whether small or great—is individualised and imaged in a name. The tribe, the city, the nation, the state, the kingdom, the empire—these are all set up mentally upon thrones, or rather upon altars, as idols to be worshipped or as masters to be served. They are conceived of, and talked of, as beings distinct and separate altogether from the real beings for whom they are simply a collective expression. Thus the welfare and happiness of the whole comes to be regarded as something essentially different from the welfare and happiness of its component parts. The evil consequences arising from this fallacy must be great under all conditions of governments and of society ; but they become concentrated and intensified indeed when the aggregate conception is embodied in a single man—when, as in the old monarchies of the East, all the rights of individual men, and all the functions of individual interest, are swamped and merged in the personal passions and the absolute powers of a single despot. These influences might indeed be even worse when wielded by a multitude, because the usurpation of them might put on more plausible pretences, and the source of evil might thus be less open to detection and less exposed to assault. But the evil of a central despotism is a fatal one in whatever form it may exist.

13. Human society is not like a lump of sandstone—a mere aggregation of grains all like each other, and all compacted by external pressure, or by some foreign cement, into one mass. It belongs to the organic, as contradistinguished from the inorganic, world. It is essentially an organism, in which the

whole structure is built up by the action and interaction of its parts. These parts, like the atoms in chemistry, are dynamic. Each one has its own special function, and for the discharge of it each of them is endowed with special energies. They are not the same with each other, but, on the contrary, profoundly dissimilar. They have all been specialised, and individualised, for the doing of some separate work. On the free and unmixed play of each of these in its own work, therefore, everything depends. This is the fact and the law of our own living bodies and of our own living minds ; and it is the fact and the law, too, of every combination into which these may be thrown as the component parts of one whole. When every man is "doing his own business," as Zerubbabel called it ; when he is not interfered with in the doing of it by the head of the state ; when, on the contrary, the great work of government is recognised to be the work of protecting him in the doing of it—then is it that he is doing the best work, not for himself only, but for society and for the state. When every man can sit securely "under his own vine and his own fig-tree" ; when his "vineyard," legitimately acquired under the customs and laws of the community to which he belongs, is his assured possession ; when he can bestow on fields and vines and olives the time and the long continuity of care which are required for a skilful agriculture—then it is that he contributes most to the wealth of all around him. This result arises of necessity, because his skill and labour, and even the pride he may have in great possessions, are all yoked by a natural law to the service of an abundant production. Those proverbial blessings of the ancient world, the accepted symbols and category of wealth—"corn, and wine, and oil"—are the things which he labours to make more plenteous in the land, and therefore, more cheaply accessible to the people. He cannot serve himself without serving them. And if the government is a just one, framed to afford to all men protection against insecurity of possession from external dangers and from internal disorder, then the wealth of all its people is the wealth available for the genuine needs of administration and of defence.

14. The same principles apply to those later developments of individual activity which open up new sources of wealth in commercial enterprise. The man who buys from the men of other communities for the sake of making a profit on resale to his own people, can only make that profit by serving the requirements of his brethren. He gets what he knows they want. He gets it as cheaply as he can; and he sells it again at what they themselves think it is worth to them. All this working is strictly automatic, like the working of the separate organs in a living body. And as each organ in such a body is sensitive to all conditions which are favourable to its function, so is every individual calling sensitive to the conditions which are needed for its own success. Babylon was for centuries a great centre of traffic between Eastern and Western Asia; and the products of Arabia and of India passed to Egypt, to Assyria, and to the coasts of the Mediterranean, through the great city of the Mesopotamian rivers. One consequence was, as it is said by ancient authors, that the merchants of Babylon, amidst all the vices of that city, developed, as a necessity of their calling, the great virtue of established truthfulness and honesty in their dealings. The more striking and visible forms which wealth takes in the commodities of commerce—the rare natural products and the rich stuffs of distant climes and countries, which are heaped together and are exhibited for show—as also the large profits often made in the marketing of these, have in all ages attracted the notice, and have secured the protection, of even the most tyrannical governments. The revenue derived from tolls and duties has been a very obvious source of wealth to them; and the expediency of protecting and encouraging trade has been accordingly more universally and instinctively perceived. The direct agency, moreover, of individual enterprise, and the direct aims of individual speculation for the sake of gain, have been so striking that they could not fail to be acknowledged as identified with corresponding gains to the nation and to the state.

15. The delusion before adverted to, of the early French economists, that agriculture was the only productive labour,

to the exclusion of manufactures and commerce, shows how even the professedly scientific eye may see only in certain tangible and visible things some general principle which it ought to recognise equally when presented in other forms. The notion that the agency of individual human hands and brains is an agency which is indispensable in the bringing in of foreign gems and pearls, of foreign dyes and gums—"gold and frankincense and myrrh"—but is not an agency equally indispensable in the production of grapes, or of olives, or of wheat, or of fine cattle, is one of those delusions which seem to a higher analysis to be almost inconceivable. The ordinary produce of the soil is just as little the pure result of its natural properties, and just as much dependent on the conditions of human agency in utilising these, as the rarer products which are brought from far, or as the rich tissues which are woven out of them. Yet the ignorant habits of the old monarchies of the East were constantly applying to agricultural production systems of revenue so destructive of all ideas of individual possession, that they would have stifled commerce in a moment. The idea that the whole country belonged to the sovereign as head of the state, was embodied in a system of exactions based upon no principle,—always uncertain, often ruinous in amount. Yet the long continuity of loving labour which an improving agriculture absolutely demands, and which has always been the source of all improvement wherever it exists, demands above all other things a corresponding continuity of possession in the hands of those individual men who, in doing the rough work of life, have legitimately acquired it. The commodities of foreign commerce can be withheld from importation; and the human agents which brought them can often themselves escape from oppression by flying to some other city or state which pursues a more enlightened policy. But the possessors of fields and vineyards cannot remove them, nor, very often, can they betake themselves to other callings. The consequence of such insecure possession has always been fatal to the rise of wealth, and has often reduced a once wealthy land to universal poverty. It is so at the present day. The constant interference of a revenue officer, and generally the

farming of the land revenue by mercenary agents, has been the well-known cause of the poverty and decay of all the territories subject to the Turkish and the Persian Empires.

16. On the other hand, there is a country which was the seat of one of the great monarchies of antiquity, but which has escaped the complete desolation which elsewhere they have left behind them. That country is Egypt. In the days of Abraham, we know, it was the granary of the ancient world. We know that it continued to be so during many centuries when the decaying agriculture of the Roman territory in Europe had to be supplemented by the corn ships of Alexandria. Not even in later times have the desolating effects of Mohammedan conquest been able to destroy the exuberant productiveness of the valley of the Nile. Of course, there are physical causes and conditions of geographical position, which were peculiar in the case of Egypt. Although invaded many times in the course of her most ancient and mysterious history, and although her monarchs sometimes became themselves great conquerors in other lands, yet the comparative isolation of Egypt secured for her long intervals of repose from external dangers. But, above all, there is some good reason to believe that her system of internal administration, in spite of many evil customs, was comparatively free from the master vice of rendering all individual possession insecure. There is a great significance on this subject in the story told to us in Genesis respecting the means by which Joseph, as prime minister of Pharaoh, first acquired for his sovereign the position of owner of all the land of Egypt. Whatever difficulties there may be in the details of the story, and however imperfect may be the account of the transaction, the whole force of it lies in the clear indication it affords that this position of the monarch was a new thing in Egypt. It had never been so before the days of Joseph. But the monarchy of Egypt was of a hoar antiquity before the days of Abraham and his descendants. Moreover, it is remarkable that it seems to be now known that the Pharaoh of Joseph was probably one of the last of the shepherd kings —the representatives of an invading and foreign race, to whom

the ideas and ambitions of the monarchies of Western Asia must have been a natural reversion. However this may be, the story is remarkable in more ways than one. As already said, it implies that the idea of an universal ownership vested in the head of the state had been unknown during the long centuries of the older monarchy.

17. But, in the second place, it is remarkable as the first example recorded in history of one of those vast operations of what we should now call capital, which are familiar in the modern world. For Joseph's Pharaoh had acquired his means of purchasing ownership by enormous savings of wealth founded on foresight and thrift. In years of plenty he had stored up such quantities of grain that when dearth came he had in his possession what his people had not, and could not elsewhere obtain—namely, enough corn to live upon and, also, enough corn for seed. This store was his, obtained apparently by the most legitimate and fruitful of all labour—namely, the energy of the brain exerted in foresight and precaution. He advanced this great store of savings to the people under circumstances which made the advance a necessary condition, not only of possession but of life. He advanced it on terms which made the transaction in effect a purchase, and he thenceforth secured thereby his right to that share of the produce which, in his time and country, represented the rent due to ownership. The story is further remarkable as indicating what that share was usually considered to be in Egypt—namely, the proportion of one-fifth of the produce of the soil. The proportion usual in each country must vary with the nature of the produce, and with the comparative ease or difficulty of its production. In Egypt, where much of the cultivation has always depended on great works of irrigation beyond the reach of individual owners, it may well have been larger than elsewhere. But it is curious as indicating the wonderful persistence and continuity of Eastern customs; for this proportion of one-fifth taken by Joseph's Pharaoh, 3600 years ago, is precisely the same proportion which Sheikh Jeber takes in our own time for the right of ownership which he had acquired by mental labour of

another kind—not by purchase, but by skill and courage in the use of arms. And lastly, the story is remarkable as showing that the rent due to ownership was definite and fixed, not fixed in absolute amount, but fixed in its proportion to the whole produce. It might rise in absolute amount, but only because the total produce had risen in the due proportion.

18. This is the one indispensable condition of an improving agriculture, because it is the one indispensable condition of enlisting to the utmost individual motive in productive work. The actual cultivator may be called upon to pay to the owner some measures of corn more in one year than in another, but only if the measures of corn remaining to himself are increased in a corresponding degree. On this system the owner, whoever he might be—a private owner or the monarch—had a direct interest in the results of that protection and security which his power afforded, in stimulating the industry of the people ; whilst they, on the other hand, had the highest interest in every improvement when four-fifths of the result was to be left to them. If this system was really the system on which the Pharaohs continued to administer the rights of universal ownership, it would fully account for the long-continued wealth of Egypt. And there is reason to believe that the administrative system of the monarchy did interfere less with the free industry of the people than that pursued by any other of the ancient empires of the world. On the other hand, we know that the habit of exacting forced labour from the people, or from some large slave population, had been of immemorial usage with the kings of Egypt ; and we know that the labour was often expended on the most useless monuments of pomp and pride. We know however, also, that there was one kind of forced labour in Egypt which was probably the earliest in its origin, and which represented nothing but work of the most necessary and beneficent kind—namely, that expended on the annual clearing of canals from silt, or the annual reinforcement of dams and dikes. On the whole, therefore, it would seem that the plenty which so long prevailed in the Nile valley was due mainly, in the first place, to the annually renewed and inexhaustible fertility of a trans-

ported soil, and, in the second place, to an agrarian system which left to individual possession a fair field for its operation. An eminent English engineer has lately calculated that the amount of mud brought down by the Nile each year is about 150 million tons, or more than the whole excavations of the Suez Canal.* But nothing is a source of wealth, not even such a wonderfully bounteous gift of nature as this—unless it can be possessed securely. The enduring riches of Egypt, therefore, in corn was due, in the second place, to its comparative isolation ; so that for long periods of time it was exempt from devastating invasions. Possession, in short, comparatively secure, was there, as it always must be, the essential element in wealth.

19. No better illustration of this could be afforded than the comparison which now arises between the country formed by the alluvium of the Nile and the country formed by the alluvium of the Tigris and Euphrates. The delta of the Mesopotamian rivers is as rich as the delta of the Nile. Its exuberant fertility is described in terms which almost exceed belief. Returns of more than one hundred-fold—sometimes said to approach two hundred and even three hundred-fold, reward the labour of sowing the great cereal—wheat—which is there in its native home. We know that down to the latter half of the fourth century of our era the Assyrian provinces of the Persian Empire were still covered with numerous cities, with abundant cultivation, and with great groves of the date-palm. Such is the description of the country which we have in the accounts of Roman historians who narrate the wars between Rome under the Emperor Julian and the Persian monarch. Up to the disastrous era of the Mohammedan conquests, the Euphrates was spoken of in Arabia as the Egyptians have long spoken of their own Nile—the source of all blessings. But all these blessings and gifts of nature are now lavished on a vacant land, and on vast solitudes of waste. Instead of being covered with herds of cattle and with fields of corn, it is now the hunting-ground of lions. The pestilent government of the Mohammedan Empire, which in its feeble hands still

* Lecture on Egypt, by Sir John Fowler (1880), p. 45.

holds the sovereignty, has effected this. It has done it through the co-operation of the three great causes which most powerfully determine the condition of mankind—a bad system of religion, a bad system of government, and a bad system of morality.

20. When we follow up the question wherein this badness lies, we find it all seated and centered in ideas of religion, of government, and of manners, which are destructive of individual liberty, and universally incompatible with the security of individual possession. We cannot think too much, or reason too closely, upon the almost complete desolation of the rich countries between the eastern shores of the Mediterranean and the western boundary of the Persian Empire. Not only might the banks of the Mesopotamian rivers be made as fertile as the banks of the Nile, but the greater part of Syria might again be made what it was before—a land flowing with milk and honey. The Hebrew people, who retained in their minds a vivid remembrance of the agricultural wealth of Egypt, were accustomed to boast of their own fair inheritance as still more abundantly blessed by nature. They contrasted the dependence of Egypt upon an annual inundation, and on artificial irrigation, with the land of Canaan, which was regularly watered by the rains of heaven, which had a rich variety of surface, and, in some regions, abundant streams. In the poetic imagery of the Hebrew books we have this contrast vividly presented:—"For the land, whither thou goest in to possess it, is not as the land of Egypt, from whence ye came out, where thou sowedst thy seed, and wateredst it with thy foot, as a garden of herbs: But the land, whither ye go to possess it, is a land of hills and valleys, and drinketh water of the rain of heaven: A land which the Lord thy God careth for: the eyes of the Lord thy God are always upon it, from the beginning of the year even unto the end of the year."*

21. It is impossible to believe that regions so favoured by nature, and whose present desolation is due entirely to the special causes of human sin and folly which are incompatible with industry, and with secure possession of its fruits, can

* Deut. xi. 10–12.

remain permanently under such conditions. They are not far from the great centres of European civilisation. They are, even now, easily accessible from them, and the time is evidently coming when they will again be one of the great highways between the eastern and the western world. The wretched government which has inherited all the vices of the first Mohammedan conquerors, but is destitute of their strength and power, is sinking slowly but surely into decay. By a concatenation of circumstances which have produced a result absolutely unique in the history of the world, the Hebrew people, though scattered among all nations, are still a living race, and are more and more moving into the land which their fathers conquered 3300 years ago. But they will not probably be unmixed. Jews are by no means the only immigrants. East of the Jordan, the beautiful land of Bashan, whose soil is actually littered with the ruins of extinct civilisations, is being re-colonised, bit by bit, by the immigration of the Caucasian and other races, whose detachments are here and there doing what Sheikh Jeber has done at Abila. It is a matter of intense interest to watch in our own day the process by which human society, and all its beginnings of wealth can be, and are being, re-established. The foundation of that process is the sword—the sword not used for mere destruction, or from the lust of mere dominion, but the sword used for its first and legitimate purpose, the purpose, namely, of securing possession and the defence thereof. That is to say, the foundation of the process is the rise or advent of individual men endowed with special courage and capacity in the use of arms. It is always they who originate possession, which, when once established, passes out of the category of things visible, ceases to be symbolised by the constant exhibition of military force, takes its place under the category of rights immemorially acknowledged, is inherited from generation to generation, becomes the subject of innumerable transactions between man and man, and rests finally on the sanctions of custom and of law.

22. It is curious how the language of the old Hebrew books expresses with wonderful precision the bearing of all the trans-

actions they record upon what we should now call economic causes. The conquest of Canaan by the sword is often referred to as the ultimate human source of the wealth which the Jewish people were to enjoy. Their great military leader Joshua is referred to as the man who "caused them to inherit." * The one great Source of all power and might whom the Jews worshipped is described as "He who giveth thee power to get wealth." † The great soldiers and leaders of the race are spoken of as His instruments in getting for the chosen people, by victory in arms, that supreme earthly blessing—secure possession; "when He gave them rest from all their enemies round about, so that they dwelt in safety." ‡

23. The natural law—embedded in the very constitution of things—which connects inseparably the growth of wealth with the security of individual possession, cannot be better illustrated than by turning now from the great monarchies of the eastern world to the far nobler empire which the Roman people founded in the west. The unquestionable fact that their dominion laid deep and wide the foundations of all our modern wealth and civilisation is due entirely to that grand characteristic of their mind and policy which led them to identify their own dominion with the authority of law all over the countries which were subject to them. When the soldier had done his work, he always made way for the lawgiver and the judge. Subjection to Rome was subjection to a vast system of settled jurisprudence—wise in its general principles, and not less wise in its full recognition, within due limits, of local customs. Her own imperial possession of a wide dominion had been gained by the sword; and the individual rights of all her subjects rested ultimately, of course, on the same sanction. The defence of these against external enemies was secured by military power, and by a wonderful military organisation. But the defence of them against anarchy, whether of conduct or of opinion, was secured by another great system and organisation —not less wonderful—of reasoned and philosophical Jurisprudence. This system—making secure the possession by in-

* Deut. i. 38. † Ibid., viii. 18.
‡ Ibid., xii. 9, 10.

dividual men of all their civil rights—grew and was developed during the long course of a thousand years—from the date of the Twelve Tables, B.C. 447, to the epoch of Justinian, A.D. 533. Nothing stopped it. Neither foreign invasion nor the loss of political liberty arrested its majestic course. Not the degeneration of Roman government into a pure despotism, nor even the still greater fall into a despotism often determined by an insolent army, was able to destroy the immemorial vitality of Roman law. On the contrary, some of the greatest intellects of her imperial race, shut out from the work of protecting the rights of the citizen as against the monarch, were all the more drawn into the still deeper work of defending the rights, and enforcing the obligations, of individual men as between each other. Founded originally, as all law has been and must be, on the yet uncorrupted natural instincts and customs of a primitive but growing people, and reinforced at a critical time by subtle influences from the noblest school of Greek philosophy, the system of Roman civil law cut deep channels for itself in the universal consciousness of mankind. And so, when at last the time came for making a compendious abstract and digest of all this work and growth of centuries, the jurists of Justinian were able to open the Institutes by a definition of Right and Justice which is the simplest and noblest ever given of the doctrine on which all individual possession and all wealth depends. "Justice is the constant and perpetual disposition to render every man his due."* Not less striking is the definition of that science—Jurisprudence—which teaches how to determine and how to enforce the application of Justice as thus conceived. "Jurisprudence," say the jurists of Justinian, "is the knowledge of things divine and human; the science of what is just and unjust."† It is true that these definitions are vague and indeterminate—that is to say, they leave much to be filled up—much to be explained; but they have this great merit—that they are large enough to

* "Justitia est constans et perpetua voluntas jus suum cuique tribuere." ('History of Jurisprudence.' Heron, p. 211.)

† "Jurisprudentia est divinarum atque humanarum rerum notitia, justi atque injusti scientia." (Just. lit. 21.)

give room for all that needs to be supplied, whilst they exclude nothing that ought to be admitted. And this is more than can be said of many rival definitions, and of the suggested amendments of many hostile critics.

24. The fundamental principles of the Roman law have been fiercely attacked by some modern writers under two influences, or tendencies of thought, which it is well to recognise. The first is the tendency of all mere professional Jurists to imagine that law is a creation of their own craft; the second is the tendency of Utilitarians to read into all human affairs the peculiar doctrines of their own philosophy. Both these tendencies are perfectly natural, because the phenomena of law lend themselves to corresponding interpretations. Grammarians, indeed, never imagine that they are the makers of language merely because they trace the principles which have governed its development. But the mere legal Jurist sees, or thinks he sees, that each particular human law has been made at some particular time and place by a conscious act of the human will. The Utilitarian sees, or thinks he sees, that in all such acts of will some motive was at work, and it is the axiom of his philosophy that no motive can exist which is not resolvable into pure and mere "utility." This has been avowed by one of the coolest thinkers of our own time, himself an eminent lawyer and a judge. He says that the "words 'Why should I?' mean 'What shall I get by . . . ?'" * This means that we may talk, if we like,—but we talk vainly—of the sense of duty, of the love of God, or of the love of man, or of the approval of conscience. For all these are mere words for motives; and all motives tumble, in the last analysis, into the category of some expected getting.

25. With this dogma of Utilitarianism the grand sentences of the Roman jurists are in deadly conflict. They are repugnant to the mere lawyer jurist because he finds law assigned to other sources than the conscious intellect of his own profession. They are repugnant to the Utilitarian because he is confronted with the idea of obligation and of duty as

* See note on Utilitarianism in Sir James Stephen's 'Liberty, Equality, Fraternity,' p. 341.

distinct from the conception of mere utility. Thus both these tendencies of thought unite in condemning the doctrine that any natural instincts of right and justice can be the real sources and origin of law, and that the lawgiver is himself under any duty of obedience to obligations seated in the constitution, and in the course of nature. The method of attack adopted by these allied opponents of the doctrine of the Roman law, is to pretend that the Latin jurists deal in "abstractions, or in metaphysical entities," which have no real existence. But when we turn to the alternatives presented to us by these critics, we find that their own methods rest equally on abstractions; but with this difference, that they are bad instead of good abstractions, because they exclude all reference to certain facts which are among the most certain and the most prominent of all the facts with which the science of Jurisprudence has to deal. No Roman jurist, in speaking of "every man's due," deals in such absolute fictions as, for example, Jeremy Bentham deals in when he speaks of his ideal origin of law. Bentham's ideal is, avowedly, a pure imagination. "I imagine to myself," he says, "the legislator contemplating human actions according to the best of his ability." * And then he imagines this imaginary Being enacting laws founded on the Utilitarian philosophy as the sole end, aim, and guide of rational human action.

26. Now nothing can be more certain than that this is not the way in which laws have come to be. Nothing can be more certain as an historical fact, than that all systems of law have grown gradually out of primitive customs and usages; which usages, again, had their origin in the needs and instincts of men. It is a bold misrepresentation, indeed, first to call rights and obligations "fictitious entities," and then to erect an imaginary lawgiver, such as Bentham dreams of, into a scientific reality. The existence in all usages of the idea of rights and obligations, in every human society however rude or savage, is an universal fact. The existence in any early society of a "legislator contemplating human actions" from an Utilitarian point of view is a pure fiction

* 'Bentham's Works, 1843,' vol. iii. p. 159.

which has never existed in any country as the fountain-head of laws. And assuredly the few great men whose names are connected in history with special and local codes, such as Solon and Lycurgus, whatever may have been the older material on which they worked, or the older conceptions which they inherited, did not frame those codes on the principle of Utilitarianism. Not the observation of facts, or the gatherings of experience, but, on the contrary, abstract aims and conceptions of the mind, were always before their eyes; and theoretical types of society were the ideals upon which they worked. Nor were they wrong in this, but only in the conception of ideals which were faulty, and above all in the selection of means which were incompetent. They thought that the human will could do anything it pleases to do by simply commanding it to be done. And this is Bentham's error, too. The rebellion of the human spirit against the doctrine that it is itself subject to law, is a very natural rebellion. Bentham sets up a claim to a pure autonomy on behalf of the human will. It can do anything it likes to do. It can call black white and white black, and thereby the white becomes black, and the black becomes white.

27. Bentham is indignant and contemptuous when he hears of natural laws as distinguished from legislative enactments. "What," he exclaims, "are these natural laws which nobody has made, and which everybody supposes at his fancy?" And then, falling foul of our special science of Economics, he pushes the same scornful question, "What are these economic laws which are not political?" *

28. It is needless to say that this spirit is a spirit of rebellion against all science, whether physical or intellectual, whether economic or moral or political. The root-idea of all science is that the reign of law is universal, that there are natural laws in everything, laws which by combination can be made capable of any service, but which cannot be neglected or defied. The jurists of Justinian assumed this to be true of the science of Jurisprudence, just as we assume it to be true in the closely related science of Economics. The Latin defini-

* 'Bentham's Works,' vol. iii. p. 159.

tion of Justice is a definition which assumes and asserts that there is some natural and independent standard of right and wrong in the sphere of justice as between man and man, some criterion by which the fundamental rights of individual men can be known and determined. This was the doctrine of Cicero, who asserts expressly that "Right is not founded on opinion, but in nature."* To the Roman jurist the "things" which belonged to men were not merely, or even principally, lumps of matter—things which the eye could see, and which the fingers could grip. He treated things incorporeal as the most real of all realities. A right was to him not only a substantial thing, but the most substantial of all things in the structure of civil society. On the far-off marches, indeed, of an enormous Empire, the Roman citizen might see the visible and tangible "things" on which secure possession ultimately depended. In some places, as in our own islands, he might see a great wall with its strong towers and gates—the wall of Antonine between the Clyde and the Forth, the wall of Hadrian between the Solway and the Tyne. More frequently he could see only the fortified camp—"the bristling trench, the legion's ordered line." But within the Empire, over all the vast provinces governed by Rome, he saw and felt the security of his own individual possessions, and that of all his neighbours, to be the public recognition of all his individual rights, and the public enforcement of all his individual obligations, under the code of an Imperial Jurisprudence.

29. Upon this foundation was reared the most wide-spread structure of power and opulence which the world has ever seen. We are very apt to forget how great it was, and how long it lasted. The "Decline and Fall" of Rome bulks more largely in our eyes than the many centuries of its stately rise, and the long-established security which it afforded to the people even of its most distant provinces. Our own land was among the number. It is most difficult, indeed, to remember that Britain was under Roman dominion for nearly four hundred years—a period as long as that which separates us

* 'De Legibus,' lib. i. c. 8. "Nos ad justitiam esse natos neque opinione, sed natura constitutum esse jus."

from the reign of Henry the Seventh. All over England the spade or the plough is ever turning up the evidence of a long settled and opulent population, secured by imperial laws in the possession of great wealth. The most ordinary provincial towns had their great amphitheatres and their splendid temples. Cities, and houses, and villas, supplied with all the luxuries and refinements of the highest civilisation, lie frequent under our expanses of pasture or of corn. All this was the product of Roman law, and especially of that vital characteristic in it—the profound recognition of the abstract idea of individual rights and obligations as the supreme realities of civil life and of human society. The Roman jurists considered groups of men having common possessions, or common interests in possession, as real "persons." They considered the relations between things, however invisible and incorporeal these relations might be, as "things" in the very highest sense of the word—as the special objects of Jurisprudence, and as demanding the special protection of the law. And so it has happened that when the material dominion of Rome fell, the fundamental principles of her Jurisprudence remained behind. They are, at this moment, the rich inheritance of all the great ruling and colonising nations of the world. What the Greeks did for philosophy and for art, the Romans did for Jurisprudence and for law. They "took captive their savage captors." Unlike the great eastern empires, whose intolerable vices are still written on the lands they desolated in letters as lasting as the tremendous denunciations of the Hebrew prophets, Rome has planted deeply in the modern world the root conceptions on which all wealth depends.

30. Nor is it less important to observe, in connection with our science, that the destruction of Roman power and wealth was visibly connected with at least two great causes, both of which lay essentially in the failure of Rome to act up to the high level of the principles which her own jurists had laid down. It was, indeed, impossible for her to do otherwise than fail in this. Such a wide dominion as that of Rome can never be enduring. It is not in the nature of things, or consistent with the destiny of man, that such vast empires should be per-

manent. According to the special character of each, they may be stages in human progress, or stages in human corruption. But irrespective of the general laws which make such empires inevitably mortal, the Roman dominion fell short of the high moral standard which her great jurists upheld in their exposition of her principles. At the summit of her society was a political system founded on an absolute despotism. At the base of her society was an industrial system founded upon slavery. Neither the one nor the other was consistent with the great doctrine that justice essentially consists in the perpetual disposition to render to every man his due. It was not consistent with the *jus naturæ*—with the natural freedom of individual men—that the laws under which they lived should be at the mercy of a single will. Still less was it consistent with the sacredness of the rights of individual possession that millions of men should be denied the right of property even in themselves. Every right belonging to one man must of necessity place a limit on all adverse claims advanced by others. The horror we now have of slavery as a claim of one man to possess property in another, is no revolt against the rights of individual possession, but is, on the contrary, an assertion of them. The abolition of slavery is "the restoration of a right of individual possession from a wrongful to a rightful owner." * The Roman law did not pretend that a slave was a "thing"—a chattel—in its own legal sense. It acknowledged him to be a "person"—a *persona*—whilst nevertheless it deprived him of all the corresponding and inalienable rights attaching to that status.

31. It is, however, one thing to lay down a sound doctrine, and quite another thing to follow it to all its consequences. And even when all these are seen, it is not always easy to know how to deal with them. The jurists of Justinian saw and admitted that slavery was unnatural. They laid it down as one of the laws of nature that every man was born free. Slavery came in as an "invasion" of this right of nature. It entered through the door of local custom and the practice of particular nations. It began, no doubt, in the substitution

* 'Free Exchange,' by Sir Louis Mallet, p. 296.

of bondage for the slaughter of prisoners of war. The Roman lawyers, however, saw the violation of natural right which it involved; but they do not seem to have seen the destructive virus which it was infusing into the very sources of all power and wealth. The ultimate instruments of production are the brains and the hands of men. And when the right of individual possession in these most individual of all the gifts of nature is not respected, the most powerful motives to industry are inevitably destroyed. Men will not work for others as they will work for themselves. Moreover, the habitual and inseparable association which slavery established between all manual labour—except the handling of swords—with a degraded class, struck with a deadly blow at the estimation in which all industrial work was held. These two necessary results are facts of our human constitution; and as such they are laws of nature. The operation of them was to attack the very nerve-centres of a dominion which was in other ways so noble and so civilising, because in other ways so comparatively just. The free population of Italy, disappearing under the constant drain of war, was replaced by hosts of slaves. The Roman people came to depend, not on the industry of her own free citizens, but on the tribute of their subject provinces abroad, and on the languid and wasteful cultivation of a vast servile population at home. Yet like the majestic aqueducts which brought water into Rome, and some of which are standing to this day and are still serving their ancient purpose, so the old channels of Roman law are still circulating in the very blood of nations—which were to her barbarian—those legal ideas and doctrines on the nature and sources of Possession which are to this day the foundations of property throughout empires and dominions that are wider, and are likely to be far more enduring, than that over which the Cæsars reigned.

32. A still higher influence, however, than that of even the philosophy of the Stoics was needed to develop, slowly but surely, the true significance and the full application of the abstract principles of Roman law. Christianity did not, indeed, denounce bondage, which, in one form or another, had been almost universal in the ancient world; but Christianity

killed it by establishing in the consciousness of the universal Church the sacred and awful individuality of man. It took to itself and sanctioned all in the Roman law—all in *jus civile* —which had been founded on true perceptions of the law of nature—on the *jus naturæ*. In the sphere of legislation and jurisprudence, Christianity was under no temptation to repudiate or supersede what had been well done by heathen nations. On the contrary, in asserting the great doctrine of an Independent Morality, it asserted also that its fundamental precepts could be, and actually had been, more or less widely recognised by the light of nature. It appealed to this great fact, that men to whom no direct revelation had been made of any Divine law, had nevertheless been doing "by nature the things contained in that law, their thoughts meanwhile accusing or else excusing one another." Accordingly, there was much—very much—in the laws of the heathen empire under which Christ was born, that was in profound harmony with His teaching. In particular, the great doctine of the ultimate individuality of man, of his responsibilities, and therefore also of his powers and of his rights—this doctrine lay at the very foundation of Christian morals and belief. So did that other great doctrine of the reality of incorporeal things—of the eternal obligation of good faith between man and man, and of the continuity of human society and of successive generations in the inheritance of duties and of corresponding rights. All these conceptions, embedded in the law of Rome, were not only congenial to the spirit of the Christian Church, but were essential elements in her whole view of the laws of nature considered as the laws of God. And so it happened that, at a time when what we now call Economic Science was wholly unknown as a separate or special subject of enquiry, certain accepted doctrines had become the common inheritance of the western world, which afford to that science its one sole foundation ; for that one sole foundation consists in the conviction that man cannot impose his arbitrary will on the constitution and course of things ; that there are natural laws to which that will is subject, laws seated in the very nature of man himself, and in the relations of that nature to the external world.

Neither the Roman jurists nor the teachers of the Christian Church had any complete view of what these laws are. Neither have we, if by completeness we mean a perfected estimate or recognition of them all. But from an early date the Roman people had by instinct seen some of them very clearly, and had established them very firmly, so firmly that when Rome fell she left behind her those rooted habits of thought, of precept, and of practice, in which true obedience to natural laws essentially consists. The invading barbarians came under the dominion of them, and as new nations rose through stirring centuries, and through immense differences of form and circumstance, they rose upon the foundations which Rome had laid in the recognition they gave to private rights, and in the sanctions they provided for the security of individual possession. This, however, is another chapter in the history of the world, and we turn to a separate consideration of its facts in their bearing on the subject of our enquiry.

## CHAPTER VII.

### DISPOSSESSION—THE PLANTATION CENTURIES.

1. SOME of the most curious and interesting problems connected with the economic history of our race are problems which can never be solved until we know more than has yet been ascertained as to the conditions under which mankind once bred, multiplied, and at last swarmed, in those northern regions which are now poor, and comparatively very thinly peopled. Whatever those conditions may have been, the fact is certain, that everywhere in Europe and in Asia the most prolific breeding grounds of the world lay for centuries to the east and to the north of all the historic centres of civilisation and of wealth. The incursions of races born in them had begun indeed with the very dawn of history. So early as the seventh century B.C. the Scythians overran Western Asia, and had established a dynasty on the ancient throne of Egypt. But this was only a long premonition of the flow which was ultimately to come out of that vast reservoir of a new humanity. In its fulness it did not come till a later age; but when it did come, it changed the world. From the east of the Rhine and of the Elbe, from beyond the Danube and the Euxine and the Caspian, from the north of the Caucasus, and the ranges of the Elburz, and of the Himalaya, and of the mountains between China and Mongolia, for hundreds of years there came, first occasionally, then more frequently, and at last in continuous streams, multitudes on multitudes of men always pressing forward to the west, or downwards to the south, to invade and finally to overcome all the older and more cultivated nations of antiquity.

2. No such condition of things seems to be physically possible in our days. Whatever may be the sources of danger, or the possibilities of downfall in modern political societies, we never think of, as even conceivable, that one danger of barbarian invasion which was most menacing to the older nations of the world, and which was destined, in the end, to overwhelm them all. The most civilised nations are everywhere, now, the most populous, and in general the most rapidly advancing in population, as well as in wealth and power. It is true that the existing Empire of Russia includes within her vast dominions almost all the geographical areas on which the barbarian swarms were originally hived ; and it is also true that a vague fear of Russian aggression on the richer lands which lie to the west and to the south of those areas, is to this day one of the traditional feelings of the purely European nations, and has, quite recently, exerted the most powerful influence on the action and policy of our own country. It is true, moreover, that so long as the "Eastern Question" remains unsettled, and before it can be settled, there is every probability of wars which will turn upon the power of Russia to advance, and on the power of other nations to limit, or to prevent, her progress. But the fear of Russian aggression, either in Europe or in the east, has little in common with that fear of barbarian invasions which long experience so fully justified in ancient times. The extension of that great military despotism may be a bad thing. Russia, although civilising in Asia, is certainly semi-barbarous in Europe ; but, at least, it is a very different thing from the approaching front of a great wave of races on the march. The gusts of suspicion and of anger which swept over England when in 1854 the army of the Czar Nicolas crossed the Pruth, were as nothing to the fears and forebodings which fell on the Roman world when in A.D. 376 it heard that, with the permission of the Emperor Valens, who lived amidst the debaucheries of Antioch, the Visigoths—more than a million strong—had crossed the Danube to settle within the marches of the Empire.

3. This was a new fact in the history of the western world.

It was the beginning of the end to that grand dominion which had been born in Latium. But it was more than this. It was the end of every dominion at all like in kind. It was the beginning of a new process whereby human society was to be rebuilt and reconstituted on fresh foundations. The Goths, and the Huns, and the Franks, and the Lombards, and the rest, did not come in the name or in the service of any other empire, or any other monarch. They had indeed leaders like all men who fight, and they had some hereditary leaders too; but they did not come like the armies of Babylon and Assyria, to satiate by conquest the vainglorious pride and the lust of power of any one man, or of any one dynasty of men. They did not come like the older armies of Rome herself, inspired by the nobler ambition of extending an imperial rule. They came simply and solely as hungry men, driven forward by other hordes as prolific and as hungry as themselves. They came, not to conquer for the mere sake of conquering, nor for the sake of making slaves, nor for the purpose of exacting tribute, nor for the sake of plunder to be carried off to distant cities and lavished on distant palaces. They came purely to live, to settle, to possess.

4. This was the new departure. This was the one essential feature of the new era that was opening on the western world. The fall of the Roman Empire was nothing less than the passing of the whole civilised world into the hands of new possessors. Such a change sounds very dreadful, and it is certain that the process was in fact not less terrible than it sounds. Probably no period in the history of mankind has been so full of misery, or of misery so widely spread, as the long and dark centuries during which the Roman provinces were sinking under the recurring waves of barbarian invasion. A name is wanting for those centuries to distinguish them from others as clearly as the facts of history require. "The Middle Ages" is a phrase too indefinite, and if it is made more definite by applying it to the period between the fall of the Western and the fall of the Eastern Empire, then that period becomes somewhat arbitrary and artificial. It marks neither the beginning nor the close of the greatest of all the

changes which separate us from both the ancient and from the earlier mediæval world. Hallam does indeed substantially adopt this division of time when he dates the beginning of the Middle Ages from the conquest of Gaul by Clovis in 486, and when he dates the end of them from the expedition of Charles VIII. into Italy in 1494. The first of these dates is only seven years later than the fall of the Western Empire, and the second of them is only forty-one years later than the fall of the Eastern Empire. Technically, it is a help to the memory to have a period marked off so neatly by a close approximation to the round number of a thousand years. Politically, too, Hallam may be right in taking the conquest by Clovis as the founding of the first of our European kingdoms, as also the expedition of Charles VIII. as the beginning of those transactions concerning Italy which marked a great epoch in the wars and alliances of modern times. In a literary point of view, which was that of Hallam, there may be convenience in his division of the ages. But to us who in Economic Science look above all things for events which are truly causal, as distinguished from events which are merely consequential, no epochs are really marked by the final disappearance, either in the east or in the west, of the Roman name. It had long become a shadow, and nothing more. Still less can that event which was concomitant with the fall of Constantinople —the settlement of the Turks in Europe—be reckoned as an epoch in the development of the modern world; on the contrary, it is the date of a mere arrest, and of a terrible obstruction in the way of that development. It is true that it was another barbarian invasion; but it was the invasion of an element incapable of assimilation, antagonistic to every influence for good, and perhaps the purest curse which has ever been inflicted on mankind. And even if this alien episode had been other than it was, we must remember that neither the founding nor the overthrow of kingdoms can be compared in importance with the slower processes by which populations have been renewed, ideas recast, and the material of nations made.

5. What we have to deal with in the earlier Middle Ages is

the coming in of wholly fresh ingredients, and the fusion and welding of these into a completely new material. A new soil was spread over the whole of Europe. A new vegetation was imported, and was planted in. The Germans have an excellent word to express one-half of this great process—that half which lay in movement. But it does not express that other half, equally characteristic, which lay in settlement. They call the ages of movement the ages of "Folk-Wandering." The English language, however, has an excellent old word which our fathers always used for that repetition of the process in a modern form, which consisted in the founding of new colonies. These were always in the last century called Plantations, and this word will answer our economic purpose well. What we want, therefore, is a name for the group of centuries during which new races came not merely to invade, but to settle on the soil of Europe. They may be said to have begun with the Gothic migration into the Roman provinces of Mœsia, Pannonia, and Thrace in 376, and to have substantially ended with the Norman conquest of England in 1066. They embrace a period, therefore, of 690 years. These may well be called the Plantation Centuries—the centuries during which new possessors were being planted on one part or another of the old provinces of the Roman Empire, to the total or partial displacement of the former inhabitants, and to the complete subjugation of them all. During the long period of nearly seven centuries there were few parts of Europe of which the inhabitants could feel secure in the possession of their own homes. Saracenic invasions from the south, Gothic invasions from the east, and Scandinavian invasions from the north kept the whole western world in continual peril and unrest.

6. There is a story told of one of the Norse incursions which was made, like many others, by ascending in ships one of the navigable rivers of France in the ninth century. The unfortunate inhabitants on the banks shouted to them, "Why are you come into this country, and what do you want here?" To this the terrible reply was made:—"To drive out the inhabitants or to subdue them, and to make us

a country to dwell in." This is a pithy expression of the work which was done in the Plantation Centuries; and in that work we have the historical origin of all Possession in modern Europe. The change involved for the time an enormous destruction of wealth—that is to say, of the valuable things which had been held and accumulated in possession by the old society. But it did not dry up the ultimate sources of wealth, because it did not destroy the sources of secure possession. On the contrary, it strengthened and reinforced all these sources by the transfer of them into new and stronger hands. This it did, mainly, by bringing into operation two great causes of the most powerful nature. The first of these causes lay in the tremendous work of a wide renewal of the human soil over the whole of Europe. A fresh layer of humanity was spread over all its lands, as rich in original fertility as any of the older layers which it buried, and infinitely more fruitful, because it was fresh and unexhausted. But the second of the two causes brought into operation by the irruption of the northern nations was not less powerful than the first. It broke down for ever the system of great central monarchies ruling over half the world. It restored and re-established the individuality of men. It was the destruction of this more than anything else which had sapped the older civilisation, and had at last sterilised the older soil. Everywhere the individual had been suppressed—that is to say, every individual except one, the sovereign. Society had come to have a vicious development at its summit, and an equally vicious development at its base. Despotism flourished at the top, and slavery underlaid the whole. By virtue of their rude and undeveloped forms of political organisation—scarcely if at all rising above the tribal stage—the barbarian settlers put an end to this. They did not merely break up an empire into smaller kingdoms: they did far more; they broke up society itself into its primitive elements—into the family and the clan. Out of these elements it had to be built up again under entirely new conditions. And one of these conditions was everywhere an immense enlargement of the space or room within which the individual could develop his special

gifts, and could secure their legitimate reward. Undoubtedly the greatest of these gifts were those which led to military success—courage, enterprise, inspired and inspiring influence over the spirits and conduct of other men.

7. It is true that through this process the old cycle of events might possibly begin, and did actually begin again—that cycle through which all the older monarchies had arisen, and all the dying despotisms had been developed. Great military leaders might, and did for a time, establish themselves in increasing power. But these beginnings of military despotism began at too many places, and extended over too limited an area, and lasted too short a time, to allow of any successful reproduction of the older empires. The future of Europe depended on these impediments in the way of any new central despotism, and on the question whether fresh elements had been introduced which could keep the pre-eminence of individual character within safer and saner limits. For it is an inevitable law that equal freedom enjoyed by unequal powers is incompatible with a dead level of individual conditions. Yet deep-seated inequalities of mental force are, and have ever been, the condition of humanity, and it was as much inherent in the nature of the northern races as it had ever been in the nature of the races which had so long submitted to the uncontrolled despotisms of Assyria, of Egypt, or of Rome. There were moments, indeed—more than once in the history of modern Europe—when the mere substitution of a barbarian despot for a Roman emperor seemed at least conceivable or even possible. Historians have speculated on the curse and blight that would have fallen on all the future of our western civilisation if, in the fourth century, Attila with his swarm of Huns had succeeded in establishing the wide dominion which for a moment seemed to be within his grasp. It is well known that a great Gothic empire was the dream of men who served in the camp of Alaric, and that the establishment of a powerful kingdom over Italy was the actual achievement of Theodoric. Towards the end of the fifth century Clovis seemed on the way to empire, and at the beginning of the ninth century Charlemagne did successfully re-establish some-

thing of the power, and was actually hailed by the title, and crowned with the crown, of the Roman Cæsars.

8. But when those great men died the rapid decay of the dominion they had raised proclaimed with a loud voice the prevalence of those new conditions of the western world which were adverse to the older forms of despotic government. It was, indeed, no mere accident or series of accidents which in Europe prevented the re-establishment of great monarchies on the Assyrian, Egyptian, or even on the far higher Roman type. In the habits and traditions of the Teutonic races, in the very conditions of their old pastoral life in the regions of their birth, in such loose social organisation as they had ever reached, the inequalities of personal ability or of character had comparatively little room to work. The individual always stood for much. He stood for far more, indeed, than was compatible with any well-developed political society. The system of the Teutonic races as described by Tacitus is essentially archaic. When we hear of counsel taken, and action determined, in complete assemblings of a people in arms, we know where we are in the history of our race. We are at the birth or at least at the infancy of political institutions. Such kingdoms, accordingly, as had yet been developed among the northern races were the mere clustering of tribes round one successful leader, or round one family in whom the powers and faculties of leadership had become hereditary. Where a long series of invading tribes were treading on each other's heels, and were in turn driving out each other, where each of many successful soldiers had for a time everything at his feet, the building up of a great central monarchy had become impossible.

9. But besides these impediments in the way of bringing any renewal of old dangers—impediments arising out of the very nature of the invading races—there was another great security for the reorganisation of society on a firmer basis. This security lay not in that which they brought with them—though this was much—but in two great influences under which they came from the society they destroyed. The influences which did survive from the later Roman Empire were its Christianity and its Law. Both of these not only lived on, but struck a

fresh root in the new soil. The corruption and the despotism of Rome perished with it. Its religion and its jurisprudence alone survived. Both of these governing influences tended, as nothing else could tend, to elevate and to sanctify the freedom and responsibility of the individual.

10. Of the essential features in Christianity which led in this direction, it is needless here to speak. But if we are to use the historic method in discussing the origin and sources of modern wealth, we must, above all things, take note of the special relations between law and the new forms of military power which it was the work of the Middle Ages to effect. Under the jurisprudence of the Romans, the protection of the individual, as between man and man, had been well established. But as between the individual man and the sovereign or the State, there was no protection at all. Their whole political—including, of course, their fiscal—system rested on purely arbitrary power. "The account," says Gibbon, "between the monarch and the subject was perpetually open." No words could convey a severer condemnation of any government. Where the amount of imposts paid to the State is uncertain, the amount left to the individual must be uncertain also. Yet it is upon this residue that all industry depends for its reward, and all enterprise depends for the data of its calculations. In vain may the laws of property be founded on the justest principles of jurisprudence; in vain may the definition and recognition of rights, as between man and man, be regulated with the finest and truest discrimination of the natural principles on which they rest, if all these advantages are at the mercy of bad political institutions, and of a corrupt system of administration. Under the empire an arbitrary system of taxation was aggravated unspeakably by a still more arbitrary system of assessment and collection. Through the hands of an army of venal officials, in ranks one above another, all the tricks of exaction were exhausted. When there are no recognised rights as against the sovereign, and the sovereign is omnipresent in the persons of such officials, possession vanishes, and wealth is smitten at its source. There is no wonder, therefore, that agriculture dwindled, and in some provinces became almost

extinct. Within sixty years of the death of Constantine the beautiful and once wealthy province of Campania—the ancient home of peaceful industry and of opulent enjoyment—became so waste that no less than 320,000 acres had to be excused from the calls of revenue because it had been abandoned to nature.* The same insecurity in all possession, due to arbitrary and uncertain imposts, extended to such commerce as had been developed in those days. Thus the two great natural allies—agriculture and trade—on whose intimate association and co-operation all the gettings of mankind must absolutely depend, were both paralysed.

11. For an evil so tremendous as this—destroying the certainties on which wealth depends—there was no possible remedy but a destruction as complete of the central power to which so much was sacrificed. But this remedy could only come by the destruction of the empire. Sinking apparently under the attack of external enemies, and under its own unwieldy bulk and weight, it was sinking still more really under the decay of its own constituent parts, and especially of those organic units which lie in the energies of individual character, the instincts of individual interests, and the sense of individual rights. Military power must always ultimately rest on these, and the growing weakness of the empire in resisting its external enemies had the same root as the increasing discouragement of its agriculture and the diminishing volume of its commerce. Great empires always fall only because they have long deserved to fall. The vital question for the future of the world was whether anything better was to take its place, and whether what had been really good in its acknowledged grandeur could be saved alive.

12. There is not now, and there never was, any doubt as to where this grandeur lay. Gibbon says that even amid the terrible corruptions of the empire "the sage principles of Roman jurisprudence preserved a sense of equity and order unknown to the despotic governments of the East." The latest biographer of the Gothic King Theodoric traces the known veneration of that barbarian soldier for the empire

* Gibbon's 'Decline and Fall,' chap. xvii.

which he did so much to overthrow, and which in its ancient home he supplanted altogether, to his early education in the new capital on the Bosphorus, and to the perception he must have there acquired of this one great element in the majesty of the old dominion. He could see more or less plainly that the soul which held all this marvellous body of civilisation together was reverence for law.* A memorable coincidence of events gave visible embodiment to this connection of ideas. Suddenly, in A.D. 575, a great man ascended the Byzantine throne, and during his splendid reign of thirty-eight years the question was, not whether any new barbarian empire could be founded, but whether the old empire could not be again completely re-established. Under Justinian province after province was reconquered from the barbarian chiefs, and the reign of the Augustan Cæsars once more extended from Carthage to the Alps. Yet all this military success was destined to perish soon and utterly; whilst another enterprise undertaken by the same sovereign was destined, not only to survive, but to be immortal. That other enterprise was to digest and codify the vast system of doctrines and of precepts which had grown up during 900 years into the truly august structure of Roman law. In all history, perhaps, there is no more striking contrast between contemporaries than that between the fleeting victories of Belisarius the soldier and the enduring work of Tribonian the jurist. The generals of Justinian fought to restore a system of government which had been always bad, and which for some centuries had become utterly corrupt. The lawyers of Justinian worked to explain and define a system of thought which had been full of truth from the beginning, and which had been elaborated through centuries of sagacious observation, of practical application, of the most careful argument, and of the most refined philosophical speculation. Amidst the total destruction of the old society in which that system had its birth and growth, it survived, and survives still. The races which had been indeed barbarian ceased to be so, under their recognition of its value. Its fundamental maxims touching the nature and the virtue of individual rights commended

* Hodgkin's 'Life of Theodoric,' pp. 46, 47, 1891.

themselves to the new possessors. The digests of it were translated into their various tongues, whilst the rapidly spreading organisation of the Christian Church took up, taught, and consecrated its conceptions of the only method by which possessions, first gained by war, could thenceforward be held and enjoyed in peace. This is the marriage from which all wealth is born. This, most conspicuously, is the union in which our own society began. With the conquest and the final occupation of the Roman provinces by the various northern races, with the conversion of them to Christianity, and with the gradual adaptation of the principles of the Roman law to new conditions, we embark on the full current of the feudal ages, and we see in them the foundations laid of much that we now think, and of all that we now enjoy.

13. The form taken by the new society in Europe has attracted more attention than its substance. The mould has fixed all eyes upon it, while the matter which was thus moulded has comparatively escaped analysis. A great change in vesture has concealed the man. The Feudal System has been thought of, talked of, and written about, as if it had been something entirely new—something which stands alone—a system which separates entirely the mediæval from the ancient world. The ubiquitous and visible pre-eminence of military power; the universal segmentation of society into the graded ranks of a military subordination; the universal holding of property on conditions of military service—these are the characteristics which catch the eye, and which seem to distinguish it broadly from all that had gone before. But this absolute contrast is a pure delusion. There never has been a nation within historic times which rested for the power and right of exclusive use over its own territory on any other foundation than strength of arm, first to acquire, and then to hold and to defend it. In every one of the great monarchies of the ancient world the sword had stood, and continued to stand, behind the sceptre. The historic ceremony with which our own sovereigns open our own historic parliament exhibits those two great emblems in close conjunction. They are carried together, as the inseparable symbols of all power, and wealth, and peace.

14. It may be at variance with many fine theories, it may be distasteful, even, to many virtuous sentiments, but it is an universal fact that all civilisation has been built up on conquest. There is not one single instance in the world in which any people has risen to any greatness by mere breeding and multiplying on previously unoccupied areas of the globe. There are some tribes and populations in whom we have every reason to believe that we see a specimen of this process and of its results. In every one of such cases the picture presented to us is that of humanity at almost its very lowest level—a prey to the most hideous superstitions and to the most savage customs. Many of the loveliest islands of the Pacific are a case in point. They have certainly been first peopled from fugitive, or from stray, canoes. Mutual butcheries and cannibalism were their characteristic habit. The greater part of Africa has also probably been originally occupied by the progenitors of the same races which still inhabit it. But the more we know of their habits and their conditions the more degraded these appear to be. Internecine wars are the chronic condition of the whole native continent. The revelations of a recently living missionary on the exercise of kingly power in Uganda in Central Africa,* and the bloody customs of Dahomey and Ashantee on the West coast, are samples of the miseries inflicted on men by the development of unsubdued savagery. That the civilised nations of the world are under any moral obligation to leave those original possessors to themselves, is a dogma which has never been accepted by mankind, and is one which does not seem to commend itself to an enlightened conscience. Everywhere the children of conquering and invading races are also, by comparison, the children of light, of culture, and of wealth.

15. An eminent living philosopher—Mr. Herbert Spencer—lays down the doctrine that there is no ethical justification for war, except the purpose of defence. Even if this were true, which may well be contested, he forgets that wars which were aggressive yesterday may become purely defensive to-morrow. The Italian war of independence, for example, was an aggres-

* 'Mackay of Uganda,' 1892, chap. vi.

sive war against Austria when it began; but, of course, it became more and more defensive with every step gained and every victory established. On the part of Italy it would be wholly defensive if it were renewed now for keeping possession of Italian provinces. The doctrine of Mr. Herbert Spencer assumes that which has never been the fact—that the mere multiplication and overflow of mankind over vacant lands is the only natural method of acquiring territorial possession. It has never been so in the past, and it has not been so in our own times. Moreover, we may well doubt whether, even if defensive war be the only legitimate kind of war, self and our own possessions are the only things which it can ever be a duty, or legitimate, to defend. We must recognise the fact that the destruction of corrupt and wicked governments may sometimes be a duty in the defence of the highest interests of society.

16. We may set aside, however, all these ethical questions, which are very large and very complicated, as lying outside our present subject. In applying the historical method to the discussion of economic causes, it is sufficient to recognise as an universal fact, that every society on earth has been more or less exposed to danger from the hostility of others, and has, therefore, held all its possessions more or less obviously, more or less directly, more or less immediately, on a military tenure. Military service has always been the price demanded for secure possession. The enormous armaments maintained in our own day by all the European nations, do not indicate any abatement in the consciousness of this historic truth. They do not fear the old danger of northern hordes—unless Russia be considered as the modern representative of that ancient peril. But they do dread each other. It is against each other that they are now armed to the teeth. The youngest of them, Italy, having won her liberty and the possession of her own land by the old and historic means of war, seems to think that continued and most exhausting demands upon her people for military purposes are not too dear a price to pay for the power of armed resistance against possible attack. Her late Prime Minister, Signor Crispi, has recently assigned for this policy the

strictly economic reason, that a people, uncertain of the morrow can neither move nor act as is necessary for its well-being and security.* In like manner, he warns France that she has the same reason to be pacific. "Her riches," he adds, "are not inexhaustible, and what she wastes in armaments is so much taken from her national wealth, from the well-being of her people." This is an excellent economic argument, but it is only logical upon the implied assumption that the armaments are not really needed, because the danger does not really exist.† If the danger does exist, and in direct proportion to the certainty of its existence, then the armaments are not "taken from the national wealth," in the sense of being diminutions of it, but are essentially part of the costs of its production and of its safe enjoyment.

17. This, therefore, is the assumption as to fact, upon which the policy of great armaments depends. It is a proof that the sense of danger from attack is as much present to men's minds now, as it has ever been in any former age in the history of the world. Nor would it be true to assert that, in the mind of each nation, the fear of having to defend what it has already got is the only motive to call upon its people for military service. The instinctive desire for extended dominion among nations may be often sleeping, but it is never dead. In Europe at the present moment there is no indication of anything like perfect confidence in its existing territorial distribution. The possession of Alsace and Lorraine is not the only bone of contention that is obviously liable to lead to wars. The Turk has yet to be expelled from Europe, and the territories which have so long been subject to him, both in Europe and in Asia, will in all human probability be again the battlefield of contending nations. The recent and still pending competition for the possession of the great continent of Africa among the nations of Europe is a signal example of the survival of territorial ambition. It is true that such desires are qualified more or less by the more modern ideas of philanthropy and of extended commerce. But the

* 'Contemporary Review.' No. 308 (Aug. 1891), p. 182.
† Ibid.

old feelings are present in great force. The alliance between these feelings and deliberate motives of a higher kind does but tend to bring into prominence in the light of consciousness those happier results which, over and over again, have been blindly secured by superior races as the actual results of their power, and of their desire, to conquer and subdue. The ultimate deliverance of the African tribes from themselves, and from foreign slave-dealers profiting by their desolating wars and their cruelties to each other, will be as great and as blessed a deliverance as the world has ever seen. It will procure for millions of the human family the first opportunities of acquiring wealth ; and once again, as often before, the conquest of native populations will, over the whole of an immense continent, be the only possible source of secure possession in the blessings of peace, and in the true enjoyment of the fruits of industry.

18. We may confidently affirm, then, that all theories, whether of religion or of ethics, which disparage the military instinct, or which fail to grasp the universal fact that every existing civilisation rests ultimately on a military organisation, are theories which have no practical application to the condition of humanity as it now exists, or as it ever has existed, so far as is historically known to us. We miss, therefore, altogether the special peculiarity of mediæval Europe when we suppose that peculiarity to have lain in the universal organisation of society upon a military basis. The real peculiarity was this: that all men were then living, as it were, in the basement story. They knew, because they saw and felt from year to year, and in many parts of Europe almost from day to day, that the very ground beneath their feet, and the very cover over their head, lay in the power of the sword. And this, again, arose from the fact that the power of the sword was wielded, not by any great empire, or by great central rulers, such as those which had been swept away, but by many tribal chiefs, under whose energy and conduct all the new possessions had been won. Towards them feelings of loyal fidelity arose, because sentiments always do arise in the human mind in harmony with the needs and necessities of human life. New

conditions generate new emotions, or at least they give to old emotions a new direction and a new embodiment. It is surely erroneous to imagine, as has been sometimes said, that the sentiment of loyalty was born with chivalry. The loyalty of the early Roman citizen to his idea of the Republic was as true loyalty as that which, in the Middle Ages, bound the bravest knight to the noblest liege lord. But the change of direction—the more visible and tangible impersonation of that fighting power on which the new society rested—had an intensifying effect. When every man who held any valuable possession saw in another living man above him the embodiment of all on which his life and his property depended, he could hardly fail to feel not only the duty but even the happiness of a willing service. This was the actual condition of things out of which chivalry and the whole system of feudalism arose.

19. It had, moreover, an immense effect on legal forms. Here, again, the corresponding changes of form have engrossed attention. A fundamental distinction has been drawn between the tenure of property as held under the Roman law and as held under the feudal system, as if under the Roman law what is called the allodial tenure of property in land were absolute, whilst under the feudal system it was conditional. There is nothing but a seeming and superficial truth in this distinction. Under the Roman Empire, as under all the empires, not property alone, but life itself and all that is dear to men, has never been held except on tenures which were conditional. The society to which we belong, the government under which we live, must be supported. Trade, commerce, and mere manual labour, as all these come to be separately developed, need its protection as much as, or even more than, property. It is the power from which all men receive protection, and every man's share of services, direct or indirect, must be rendered to it in return. Even in our own days, under all the military governments of the Continent, these services take—in part, at least—the direct form of compulsory enlistment in the army for a definite term of years. It may be said that the whole principle of the feudal system is involved in the conscription.

It is an assertion of the right of the sovereign, or of the Head of the State, to the personal military service of every subject or of every citizen. It is equally involved in all taxation needed for the purposes of war, whether actual or apprehended. Hence it is that in all regions of the world—in some regions far apart from those in which the so-called feudal system came to flourish—and in Europe itself long before it came to take the special mediæval type, historians have everywhere met with habits and institutions which remind them of it, and which they record as closely analogous, if not the same. Thus we have seen it recognised in the strange and mysterious empire of the Mexicans. The Babylonian and Assyrian inscriptions illustrate its principles and its practices throughout their history. We have the record there of favourite vassals protected from the oppressions of their immediate over-lords, and of military services constantly imposed on tributary kings, as the condition on which alone they were allowed to hold dominion. In India, under the Mogul Empire, a like system of subordinate military obligations was firmly established. Gibbon notes the fact that Rome herself began to give to the coming feudalism of Europe something even of its special form, when the failure of recruits for her own army induced her to assign lands within the empire to barbarian tribes, on condition of military service. Lands had long been bestowed on veterans in the Roman service as the reward of their valour. It was but a step to bestow them for the future, on the condition "that their sons who succeeded to the inheritance should devote themselves to the profession of arms as they attained to manhood;" and we are told that their cowardly refusal was punished by the loss of honour, of fortune, and even of life.*

20. We must remember that the northern races—to whom the outward and settled forms, at least, of military tenure had been unknown in their own country—were all speedily compelled to adopt it when they became the conquerors of other men, and the possessors by conquest of other lands. They neither brought those forms with them out of the lands from

* Gibbon's 'Decline and Fall,' chap. xviii.

which they came, nor did they find them pre-established in the lands which they invaded. Nothing can show more clearly than this indisputable fact, that feudal tenures were nothing but the natural expression of insuperable conditions of actual life. It had been easy enough for all the individual members of a tribe to hold and possess on an equal footing among themselves lands on which they may probably have been the first settlers, and which they may have occupied without fighting against any impediments except the forests and the swamps. Under such circumstances, no consciousness would arise of owing possession to the leadership of particular men pre-eminent in character and conduct. But it was impossible to maintain this unconsciousness when every surrounding fact was wholly different. Accordingly, when the Norsemen—who were the latest invaders of southern Europe—sallied forth from the wilds of Scandinavia to conquer other lands, and subdue other races who had been long in full possession, they soon fell into that later system which was more congruous with later facts. Under their brothers and cousins—the more cultivated Normans—the feudal system took, as we all know, its highest development and left its most memorable effects. The foundation of the feudal system has been tersely explained by the late Professor Freeman:—"What lies at the bottom of the whole thing is the personal relation between a man and his lord. The weaker party commends himself to the stronger; the man promises faithful service, the lord promises faithful protection. The holding of land by military or other service is not an essential or original part of the relation, but it easily came to be engrafted upon it." * The truth is, that the feudal system was simply a new and growing embodiment of some of the oldest ideas and the oldest necessities of human life. It was the adaptation of them to the new incidents of the first settlement of new possessors over the whole of Europe.

21. But the higher structures of wealth and civilisation can never be built upon the crude conditions of primitive society, unless these come to be not only dictated by necessity

* 'Historical Essays' (1886), p. 62.

and inspired by sentiment, but also systematised by reason. We must not only follow and obey our own ideals, but in jurisprudence we must also systematise and understand them. Fealty, and the rendering of service to those who have come to wield in our defence the resources of power and of authority, must be not only felt as a necessity, but recognised as an obligation. And for this purpose the transmission of that authority must be provided for by definite laws, so as to be made rightful, and to be recognised as such. This is the work, first, of custom, then of accepted doctrines, and finally of written law. Such was the work which had been done for the Roman Empire by its jurisprudence, and such was the work which the northern nations had got to do for the new systems of tenure which arose out of the new conditions of their own life. What they did was, first, to adopt the religion which had become the religion of the Empire, and then through the Christian Church to adopt also whatever they could assimilate out of the only reasoned legal system then existing in the western world. Charlemagne set himself to forward this work, and his close alliance with the Christian clergy helped him in it. But of necessity it was a work very long of being accomplished. It took fully 500 years—from the end of the fifth to the eleventh century—before the feudal system of Law reached its full development. It could not be done so long as successive waves of invasions were sweeping, or were liable to sweep, over different parts of Europe. Wealth could not be increased and stored until possession had become secure. And possession could not be safe until the swords which had won territory had become also strong enough to defend it permanently, and to enforce the legal doctrines on which all rights depend, when swords have done their work. But when the system of feudal law had been at last completed it was a splendid structure. In the rough and rude ages of its rise, it supplied the place of regular government in the polity of Europe. It tended to purify morals. Hallam has well said that interest, custom, attachment, gratitude, honour, dread of infamy, the sanctions of religion, were all employed to strengthen its ties, and to

render them equally powerful with the relations of nature.* It was full not only of the sentiment of duty, but of a true perception of the direction in which that duty lay. It kept alive in the minds of men the memory and the consciousness of the fact that what was given by them in fealty and in services to their liege-lords, was nothing but the payment in kind of a source of title, and of a security to which they owed everything they enjoyed. It was a perpetual reminder that the gradations into which society was divided were nothing but the gradations of history and of nature—the ranks into which men had been sifted and sorted in the streams and currents of actual life, according to corresponding disparities of mind and character. All men did then actually "hold" whatever property they might possess "of" some other man. From him their tenure of it had come; through him they had gained even the opportunities of acquisition; and by him they were defended in the enjoyment of exclusive use. These were indeed ties not only, as Hallam says, as strong as those of nature, but they were the same. They arose out of those facts of our human nature which establish among men a great variety of gifts and a profound inequality of powers—which make these supplementary to each other in the body politic, and which build up society as, what it is, or ought to be, an organic growth, and not a manufactured article —a system founded on the recognition of mutual rights and mutual obligations.

22. In our own islands the long period of more than 600 years elapsed between the departure of the Romans and the close of the Plantation Centuries in the final conquest of England by the Normans. Through much of this time the "historical method" fails us, for the simple reason that—with perhaps one remarkable exception, in the case of Ireland—no contemporary history has survived to enable us to follow, in any detail, the steps of progress. But in outline, at least, we can track them pretty clearly. The direction taken by the footprints is plain, where they are seen entering the darkness, and they are still plainer when they can be seen emerging from it. In

* Hallam's 'Middle Ages,' vol. i. (ed. 1822), p. 174.

Britain the Plantation Centuries were busy in the making of a new people. Everywhere the earlier and conquered races, when they were not exterminated or expelled, were either reduced to bondage, or were allowed to hold property on conditions of service. Everywhere, from the absence of any empire or any powerful kingdom, the conquering races had to defend themselves in sections against each other; whilst inside each group of tribes which aspired to any higher organisation, the rights and obligations of individuals were regulated by those immediate necessities of life which were gradually embodied in corresponding customs. Everywhere Christianity was making progress: sometimes slowly, sometimes with great rapidity, through the power of individual converts—first speaking from local and independent centres, and then, by a strange survival, impelled from the old seat of imperial dominion under the most powerful organisation which the world has ever seen.

23. We must duly appreciate—but, on the other hand, we must not mistake or exaggerate—the part taken by the Christian Church in the development of economic causes. It is true that the fundamental ideas and conceptions of Christianity bore within them the seeds of reform in everything; but it is equally true that those ideas stretched almost infinitely beyond the domain of their practical application. Nothing is more striking in what have been called the Ages of Faith than the universal prevalence of practices and habits of society, almost wholly unrebuked by the Church, which, to us, now seem wholly incompatible with any faith at all in the whole spirit and precepts of Christian ethics. This, however, is really less surprising than at first sight it seems to be. The clergy knew a little more, but not very much more, than other men of the inexhaustible treasure which they held in their "earthen vessels." Within certain limits they did breathe into society the sweet influence of the new convictions. But, after all, they were but men, and each generation of them were but men of their own time, born and bred under conditions of human life which exercised an insuperable influence upon them. Neither in the writings of the Old nor of the New

Testament was there anything, on the surface at least, to shake them out of a large measure of acquiescence in things as they existed, or to rouse them into violent rebellion against all that they saw around them. It is a wonderful thing how completely the sacred writers stand aloof from the whole domain of secular politics. In this, they did but think and act in the spirit of Him of whom the Prophets spoke and to whom the Apostles listened. His complete abstention from subjects purely secular is one of the many tokens in His teaching of its Divine wisdom and of its universal application. That abstention was not accidental. It was deliberate and systematic. "Man, who made me a judge or a ruler over you?" was His significant reply to one who sought His intervention in a matter purely secular. That reply expressly indicated the principle that, in all questions of property and inheritance, the ultimate authority is law. The judge was the functionary to decide upon them. Not personal favour, not mere sentiment —still less arbitrary caprice—but the known rights and obligations of each society, were to be the grounds of decision in such cases. It is in strict accordance with this great principle that the sacred writers abstain, as their Master did, from all intrusion into the sphere of politics. Forms of government and forms of law seem all to be, if not beneath their notice, at least beside their purpose. Loyalty to the society to which men belonged, courage in war, respect for, and obedience to, legitimate authority—these are indeed everywhere assumed and enjoined as virtues. But no test of rightfulness in those who rule is ever laid down. There is no teaching on the relation between those primary obligations and the existing institutions or political system of any people. In particular, no doctrine could be taught condemning war, nor could any mechanical rule be laid down distinguishing between justifiable and unjustifiable wars. But on the other hand there is no repudiation or condemnation of that aspect of the Divine Being in which, under the older dispensation, He was specially regarded as the Lord of Hosts. On the contrary, even in civil jurisdiction the good ruler is described as he who "beareth not the sword in vain." Moreover, in the highest spiritual imagery

the same conceptions are conspicuous. In the consecrated and consecrating words of Christian baptism, the symbolism is largely military. The child is admitted to membership as a soldier having to fight under Christ's banner. The Church, therefore, was well accustomed and well disposed to respect the military character. The whole framework of European society was military, from top to bottom, and the complexity of rights and claims, which were more or less legitimate under feudal customs, rendered it, very often, still more impossible than it is at the present day to separate clearly between aggressive and defensive action. We cannot be surprised, therefore, if the influence of the Church did not lie in the direction of any regeneration of political society as it existed in the Middle Ages, by the application to them of the highest standards of Christian ethics. This has been by no means effectually done even in our own days, although the grosser inhumanities of the past have been abolished in the civilised world. It would be unreasonable to suppose that it could have been done in the Middle Ages.

24. The truth is, that there has always been, and there still is, a subtle temptation which besets the Christian Church—the temptation, namely, to be satisfied with belief in abstract propositions on spiritual matters, with but slight reference to the application of them in the domain of conduct. In the great revolt against the Latin Church which marked the close of the mediæval system, this temptation took a pronounced and conspicuous form in those sects who were stigmatised as Antinomian. But there was a great deal of the same spirit, though unrecognised and unexpressed, in the mediæval Church. Faith was identified, not so much with formal propositions as with belief in the authority of an Order of men, and with the supreme efficacy of sacramental ordinances which that Order alone was competent to dispense. If this kind of faith was kept unbroken, the censures of the spiritual authorities lay but lightly upon actions which even in a rude age were acknowledged to be exceptionally violent and wicked. An eminent writer, whose path lay much in examining monastic records of the Middle Ages in Scotland, has observed that he

never met with a single passage in which any concern was even indicated as to what would now be called the spiritual condition of the people. The local—that is to say, the parochial—clergy, with whom, more than with any others, it lay to come in contact with the people in their daily life, were comparatively disparaged. They were called the "secular" clergy, as distinguished from the "religious" orders. The funds originally destined for the support of the parochial priests were largely diverted to the support of the great conventual bodies. Even the highest forms of piety were infected by the same spirit. A "religious life" specially meant in the Middle Ages a life wholly withdrawn from affairs, and not a life which carried into those affairs the spirit and the precepts of religion. All this is true, as it is also true, under an altered form, of much of the religion of our own times. There are now men without number who deem themselves to be, and in a sense are, religious—men who are what is called excellent Churchmen—but who are as violent and wrongful in using the modern weapons of political strife as the rudest barons of the Middle Ages ever were in using the weapons of private war.

25. All this is true; and it will be true through those indefinite periods of time which seem likely to elapse before the spirit and precepts of Christianity shall have ceased to outrun by an immense distance the full understanding and the complete application of them. But when all this has been said, an enormous balance remains to the credit of the Christian Church, with all its shortcomings and all its corruptions, in the great work of re-establishing civilisation in Europe. The unfailing tendency of all it believed and taught was to bring about those conditions of society which are the only generative conditions of peace, security, and wealth. It could not, indeed, help itself in having a steady influence in this direction. The seed it carried in its hand was such good seed—so rich in the germs of yet unknown effects—that no delay in the final development of these did then, or can now, do more than limit for a time their healing virtue. It must be remembered that for many centuries—for about 900 years—the Christian Church was chiefly engaged in the conversion of pagan races,

and therefore was the one great worker in establishing at least its fundamental conceptions in the mind of the founders of the new society. These fundamental conceptions, however imperfectly understood or developed, were full of the ideas and doctrines which teach, as an imperative duty, respect for justice—that is to say, for righteousness in all things, for good faith, for absolute truthfulness, and for law. These are the ideas and conceptions which, like the forces acting in what is called living protoplasm in the physical organism, are the constructive elements in the organism of human society. There is not one of the accepted doctrines which lie at the root of our modern civilisation, or that give any promise of a higher civilisation yet to come, which was not either first implanted, or which, where pre-existing, was not powerfully reinforced, by the doctrines of Christianity. Contributions of high value to the common stock have indeed come to us from heathen nations and pre-Christian times. The domestic purity of the German races, which shone in such splendid contrast with the corruption of Roman society, is a well-known example. This condition of things on which the family depends was, of course, at once raised above the level of mere sentiment or tradition and placed on a firm foundation by the Christian doctrine on the subject of marriage. But this is only one example of a pervading power over the whole field of thought.

26. The best element in Roman law was not that which represented merely the archaic customs of the tribes of Latium. The most fruitful part of it—the part of it which had the widest and most lasting influence on the world—was that which resulted from the study and analysis of the laws of the many tribes and tongues and nations with which the Roman Empire came into contact, and over whom it came to rule. In the course of that study, the Roman jurists had to face, and did face, the problem whether any fundamental principles could be traced which were common to them all, and which, therefore, from being law in all nations, could be identified as indeed laws of nature. In this study they called in the help, or, rather, they could not resist the influence, of Greek

philosophy. It was thus that the greatest thinkers of antiquity became also the teachers of its greatest soldiers, of its greatest statesmen, and of its greatest jurists. But it was in this study also that they came alongside of, and travelled in close companionship with, the Christian Church. For it is in the very essence of Christianity to regard all laws which are really laws of nature as of Divine origin and as established by Divine authority. To explain, to control, to regulate, and to sanctify all the implanted instincts of humanity, is one of the highest functions of the Church on earth. And although the range of sentiment and of action within which the mediæval Church was able to discharge this function was, in the feudal ages, a very limited range, it was nevertheless wide enough to include within its habitual teaching some of the fundamental conceptions of obligations and of law. Nor was this all. The service it rendered to economic causes was much more definite than this. The clergy, engrossing as they did all the little learning of the time, became the only possible guardians of the formal jurisprudence which had been left by Rome ; and in proportion as they came themselves into the possession of property, they awoke more and more rapidly to all the economic conditions on which alone it could be held securely. Under all these combined influences, ecclesiastics everywhere became the great lawyers of the mediæval world, and worked steadily and successfully through many centuries in reconciling, as far as it was possible to reconcile, the universal prevalence of war, both foreign and domestic, with the ultimate triumph of established doctrines of natural and legal rights. For this work, indeed, the ecclesiastical jurists of the Middle Ages had special qualifications from the relation in which they generally stood to the actual depositaries of power. From the beginning, the Christian ministry was recruited from the races which Rome had conquered but had also reconciled. The Apostles were all Jews, and we know from one of them how great was the value he set upon his legal rights as a Roman citizen. As Christianity advanced, the same condition of things was extended with it into all the provinces, and continued when these provinces were invaded by the new Possessors. In the

Frankish empire of Charlemagne, the Christian priesthood was almost entirely composed of Roman Gauls. That is to say, they were members of a conquered race, and of a race which held all it had been allowed to keep under the protection of the Roman government. On the other hand, in proportion as the pagan invaders became Christian, large numbers of them also became ecclesiastics. In this way the clergy were kept in close connection and sympathy both with the conquerors and the conquered all over the Christian world.

27. Under such conditions every fact, not only in the world around them, but in the whole history of the past as it was known to them, and every thought or conception derived from those facts, made them recognise it as an axiom in the very nature of things that all the possessions of men rested on the military strength which had been needed to acquire it, and was continually needed to defend it. Neither memory nor tradition, nor even any suggestion of any other conceivable condition of things, could instil even a doubt or inspire even a misgiving as to this being the origin of all existing rights. There was nothing in the Middle Ages that was new in this as an ultimate fact; as such it had been true always—of all nations and tribes and tongues of whom history had recorded anything. The only circumstance about it in the Middle Ages that was new was the immediate visibility and the immediate pressure of the need of protection for the safe holding and enjoyment of every kind of property. That which often was and often still is invisible, and therefore forgotten under settled governments and in times of established peace, was then ever forcing its obtrusive presence on the consciousness of all men, and could never be forgotten for a moment. In the Plantation Centuries, when barbarous invaders were ever in sight, or were actually thundering at the door, men must have borne in perpetual remembrance the allegiance and the services which were due to those who could hold the gates. And when those gates were all in succession forced, and the invading hosts came in like a flood, all those among the conquered races who were allowed to retain their lands could only, and did only, expect to do so on condition of tribute and dependence.

Among the conquering races themselves, as between their own individual members, the same condition of things necessarily prevailed. Great leaders had led them to success, and great powers of character or of conduct in individual men were the obvious causes of it. From these—visibly and most practically—all inferior tenures came. And when the Plantation Centuries were past, and when their work was done—when conquerors and conquered had become to a certain extent amalgamated, the breakdown of the successive monarchies of Clovis and of Charlemagne left Europe in a state of chaos, in which the power of the sword and the pre-eminence of individual strength and prowess made the necessities of military subordination even more conspicuous and omnipresent than before. Under such conditions the feudal organisation of society was the only organisation which was consistent with the insuperable facts of life; and the only possible work for the mediæval jurists to do was to reduce it to a reasoned system of acknowledged rights, duties, and obligations. In particular, it was their part to eliminate, as much as possible, the sources of abuse which are present abundantly in all human institutions, and were specially abundant in those which stood so near to their origin in the rudest and most archaic elements of human strength. Thus, for example, dues and services in return for protection in the exclusive use of land were unquestionably both just and necessary—but only within some limits to make them less than bondage. In many cases, as is well known, and for a long time, the services so required and so rendered were not at all less than bondage, and many conquered races were reduced to actual slavery, or, at least, to serfdom. But the conquering races, as between their own members, had probably from the beginning some rough rules or usages by which men knew, measured in some reasonable way, what they owed to their chiefs and leaders; and, as time went on, the systematic reduction of these usages to established doctrines, first, of custom, and then of written law, became the instinctive work of civilisation as represented by all who had any share—conscious or unconscious—in its advance. Any one chief or leader

of exceptional ability and wisdom would be enough, under favourable conditions, to set up a standard of moderation and of justice, whilst the influence of inherited and re-animated maxims derived from the Roman law combined gradually to elaborate a well-compacted system for the regulation and security of possession in that kind of property on which everything then depended, and which the whole western world was in movement to secure.

## CHAPTER VIII.

### POSSESSION RE-ESTABLISHED—TEUTONIC, CONTRASTED WITH CELTIC FEUDALISM.

1. IT is the elaborate character of the Feudal System, and the technicality of its details, when it reached its fullest development, that has concealed from many eyes the universal law and the universal fact which it expressed in a special form. That form was due entirely to the chaotic state of Europe during the Plantation Centuries. The universal law is that territorial possession, or the right of exclusive use over some definite portion of the earth's surface, is the essential basis of all national existence. Even a writer so clear and philosophical as Sir Henry Maine has been tempted into a qualified denial of this law as absolutely necessary and universal, on the ground that for a time the invading races were not territorially settled, and that their kings were called kings of the men they led, and not kings of the country they had invaded.* But Sir Henry Maine's qualified denial of territorial possession as an essential condition of national existence is in reality no denial at all, but, on the contrary, a fresh affirmation of it, only from a separate and a very striking point of view. In the making of nations he asserts for the feudal system a very high claim indeed. Others have pointed out most truly how it supplied the place of law in rude times, when none other could possibly prevail, how it softened barbarous manners, and even ennobled the motives and the precepts which prevailed in an age of violence. But he makes for it even a higher claim than this. He claims for it a leading influence in the

* Maine's 'Ancient Law,' ch. iv.

establishment of that modern code of International Law which —most imperfect as it still is—has done much to prevent wars, and much also to mitigate the miseries they inflict upon mankind. His argument is this:—International Law, as we now understand it, had originally and directly nothing whatever to do with the Roman idea of the "Jus Gentium," or "Law of the Nations." The absence in the Latin language of the definite article has here led to a confusion in English between two very distinct ideas. The Romans, exercising an almost universal dominion over the whole civilised world, never thought of a community of equal and independent nations. Still less did they think of themselves as only one member of such a community, bound towards it under any code of mutual obligations. What they meant by the words "Law of the Nations" or the "Jus Gentium" was a totally different conception from ours when we speak of the "Law of Nations." It was an abstract of the different laws and institutions which they found prevailing in each of the different tribes or nations with which they had come into contact, and over whom they exercised one supreme dominion. But out of this abstraction another and a very different conception had been developed. This was the conception that such common elements as could be traced in all these tribal and national codes must, and did, represent some principle of natural instinct and obligation. Hence came that identification by the Roman jurist of the "Jus Gentium"—or Law of the Nations—with their still higher and more general conception of a "Jus Naturæ," or Law of Nature. Obviously, in this conception—which Maine most truly characterises as "majestic"—they had struck into an avenue of thought along which we may be led to the highest possible developments of human legislation and jurisprudence. With increasing knowledge, with awakening conscience, with the growing culture of moral and religious sentiments, our ideas of natural and universal obligation towards other men must of necessity deepen and expand. But such ideas cannot be applied to conditions which do not yet exist. They cannot be attached to social or political relations which have not yet arisen, and

have no counterpart in the facts of life. And for this reason the Roman jurists could not possibly invent or conceive of a code regulating the relations between separate and independent nations, when no such nations had been as yet established, and when the whole civilised world consisted only of the dependent provinces of one universal empire.

2. But again, a community of independent states could not be established until they had become individualised and defined by territorial settlement. Tribes upon the march, however large or powerful, are not nations, although they may be on the way to be so. Neither do they become nations by merely encamping upon lands which they have not yet learnt to call their own. To become not only nations but members of a commonwealth of nations, they must first acquire those elements of permanence and stability which can only be given by being settled in the exclusive ownership and possession of some definite portion of the earth's surface. It is in connection with this line of thought that Maine is led to assert, on behalf of the feudal system, that "it was feudalism which for the first time linked personal duties and, by consequence, personal rights to the ownership of land." But whatever justification there may be for this assertion as regards one remarkable form taken by the individual ownership of land, it is certainly not true of the collective ownership of it in the hand of nations. The proposition, therefore, is more ingenious than convincing, that "territorial sovereignty—the view which connects sovereignty with the possession of a limited area of the earth's surface—was distinctly an offshoot, though a tardy one, of feudalism." It is, of course, true that in Europe, during the Plantation Centuries, the kings of the invading races did not at first take territorial titles. They were kings of the Franks, or of the Ostrogoths, or of the Visigoths, or of the Lombards—not kings of France, or of Hungary, or of Spain, or of Italy, or of Lombardy. But this was only a passing phase of their existence; and even during those centuries the various races did claim as their own the territories they conquered. They did invade, and overrun, and subdue the Roman provinces with the special purpose and intent of

settling upon them and of holding them as their own possession. Considering, too, that territorial sovereignty was a familiar fact in the world, not only centuries, but millenniums before mediæval feudalism was born; considering that the sovereigns of Egypt, and of Babylon, and of Assyria were not called kings of the Egyptians, of the Babylonians, and of the Assyrians, but kings of Egypt, of Babylon, and of Assyria—it is impossible to defend the claim thus put forth on behalf of the feudal system of mediæval Europe, that it is the parent of the conception by which we identify nations with the countries they inhabit, and over which they exercise all the rights of absolute dominion and exclusive use. As Maine himself observes, "the acquisition of territory has always been the great spur of national ambition;"* while it is equally true that even the hunting grounds of savage races, and the favourite feeding grounds of pastoral tribes, are all strictly claimed and jealously guarded by those who have the strength to do so.

3. The truth is, that there are at least three different aspects of the feudal system, which are very apt to be confounded with each other. First, there is that aspect in which it simply represents the fact that conquering races divided the territory they acquired amongst their own individual members, on conditions which exacted from them such aid and services as were needed to defend possession. In this aspect the feudal system has nothing whatever in it that was peculiar. It expresses nothing except an universal condition in all human history and experience. The second aspect is that in which the feudal system takes its form as the result of territorial conquests not effected by some one great king or nation, or even by a small number of such kings and nations, but effected by an innumerable number of comparatively petty chiefs and leaders, each fighting for his own hand, and winning territory by individual prowess and powers of personal command. In this aspect the feudal system was peculiar to the circumstances under which the Roman world was first conquered and occupied by successive waves of barbarous races,

* Maine's 'Ancient Law,' p. 101.

and still more, perhaps, to the peculiar circumstances under which the temporary empires of Clovis and of Charlemagne were broken up into chaotic fragments. These circumstances rendered it impossible that any spot in the whole area of Europe could be held in secure possession by individual men, or by any small groups of men, except under the protection of, and therefore under due service rendered to, some superior in whose hands the power of that protection lay. In this aspect, which is the most obvious and striking, the feudal system had much that was peculiar, although nothing that is not referable to one principle common to every case of territorial possession in the history of the world. Thirdly, and lastly, we have that further aspect of the feudal system in which it rises out of the condition of being a mere tangle of natural rights and obligations, all depending on the simple necessities of military command and personal fidelity, and becomes elevated into a great code of order, of subordination, and of law. In this last aspect, the feudal system, with much that continued to be peculiar and was due to the special framework of outward facts on which it had been moulded, became a splendid structure of public and domestic policy, open to the guidance and inspiration of all that was best in the noblest jurisprudence which the world had ever seen, and gradually transforming the rude customs of an age of violence into the reasoned precepts of civilisation and of peace.

4. In the estimate of economic science, the feudal system, and every other system affecting the tenure of property which has ever obtained among men, must take its place and rank in the history of human progress and among the causes of it according to the degree and proportion in which it contributed to establish secure possession. For this, as we have seen, is not merely one of the conditions on which wealth depends, but is the most fundamental of all the conceptions in which the very idea of wealth itself consists. But for the discharge of such a function, it is not enough that such a system should be merely founded at first on the rude facts of life, or that it should fit them, however closely, in any passing form. It must embody their reason and their causes. It

must record and define the rights which have come to be established; so that they may not only be capable of temporary enforcement and defence, but may be capable also of organic growth, of adaptation to new facts, and of continuous transmission from one generation to another. The attainment of this result is essentially the work of jurisprudence. Civilisation could not be born if that agency of fighting strength, in which all national possessions have begun, were to remain the only security for possession as regards the nation's individual members of society. The legislator and the judge must take up the work which the captain and the soldier have begun, and which they, and they alone, have rendered possible. But both to the legislator and to the judge are supplied, not only the facts of life, but also the customary doctrines and the instinctive preconceptions of man's moral and intellectual nature. In its first beginnings, human law does not create rights, but simply recognises them. The idea which the Romans expressed by the word "jus" comes before the idea which they expressed by the word "lex," even as prevenient claims of right are expressed in our own derivative word "justice." But in the very act of recognising rights, jurisprudence does, of necessity, define them. To make them safe, it must make them clear. But the work of definition is, of necessity, also a work of limitation. Hence the work of the jurist has the double function of so restraining and limiting the rights which it protects, that they cannot be abused or converted into wrongs. And this is a most invaluable function, because every right possessed by one man, or one set of men, has some bearing, direct or indirect, on the competing rights of others; and in human society there is a perpetual danger of corruption and abuse. From what quarter the danger may arise, and in what direction it may tend to operate, depends entirely on circumstances of time and place, infinite in their variety. But in all societies that danger is ever present, and the only security for rights of possession to all men all round, both as against each other, and as against all, is a closely reasoned, a clearly defined, and an universally applied system of jurisprudence.

5. It is in perfect accordance with this general conclusion that we find in the history of Europe the remarkable fact that wealth grew most steadily, civilisation advanced most rapidly, in those nations in which the feudal system reached its highest form; whilst, on the other hand, in those countries in which its essential character was so masked by imperfect growth that even the very existence of it is sometimes denied, the worst economic evils of insecure possession attained their maximum development. This is well seen in the condition during many centuries of those branches of the Celtic race which had been planted beyond the boundary of the Roman provinces, and were thus isolated from the various influences which together determined the main stream of European civilisation.

6. It is a favourite idea with many writers that because tradition speaks of a time when the Celtic clans possessed whatever lands they held on what is vaguely called the "tribal" system, the nature of that possession was more secure, and more free from limitation, than possession under the feudal system. But this idea is wholly unfounded. It is the reverse of the truth. There is a sense, indeed, in which all nations are nothing but tribes aggregated into groups, as distinguished from other nations. In this sense the national territory which they occupy and claim as their own exclusively, is always held on a tribal tenure, and may be regarded from that point of view in many important economic questions. In this aspect, all national territory, or tribal territory, has been universally held by the sword, since other nations and tribes have always been prone to conquer and occupy lands held by nations and peoples too weak to defend exclusive possession. But if we are thinking or speaking of the system on which national territory may be divided amongst the individuals of one people, then nothing can be more contrary to the facts of history than the idea that what is called the tribal occupation of land contributed to that security of possession on which all economic progress depends. In the first place, the tribal condition of society is always insecure as regards its external relations. Intertribal wars are

the worst of all kinds of war—the most chronic, the most devastating, the most savage. In the second place, this perpetual insecurity of external relations throws the most absolute domestic power into the hands of those who may be chiefs for the time being. Personal and continual military service is the one essential condition on which all property and life itself depends. And even in those more advanced stages of tribal societies, in which personal service can be commuted into payments in money or in kind, the liability is practically unlimited in amount. It would make no difference whatever in this condition of things, even if it were true, which it is not, that chiefs have ever long continued to be really elective; because the whole conditions of secure possession for individual men do not depend on the way in which chiefs succeed each other, but on the powers they wield when they have succeeded. If those powers are arbitrary, and undefined by written laws and an established jurisprudence, or even if they are only limitless as a necessary consequence of the exigencies of their own position and of the position of the whole community, the result is the same to the tribesmen or clansmen, who must depend on those chiefs for the safety of everything they possess. And as almost all that individual men do possess, in the tribal condition of society, consists of herds and flocks, which can be easily "lifted" by a successful enemy, the absolute and ever-present condition of security is allegiance and subjection to those who have some power to organise and command defence.

7. The most signal illustration of the working of these causes is to be found in the remarkable accounts which have come down to us of the condition of Celtic Ireland during several centuries, of which we have no record equally detailed and authentic as regards Great Britain. We owe this knowledge to the curious and singular facts connected with the constitution of the early Celtic Church in Ireland, and to the unique records which it has left. Its organisation was as tribal as the political and social organisation of the people. And in consequence, brilliant as its history was, as a missionary church it was almost powerless to civilise its own people. From

some of its native Irish centres, but especially its illustrious offshoot at Iona, it was, during the sixth and seventh centuries, the focus of Christian enterprise for the conversion of the heathen, not only over a great part of England, but over a great part of Europe. During many subsequent centuries, down to the twelfth, it maintained its separate character and position in its own country—differing indeed originally from the Latin Church, so far as its theology was concerned, in nothing but such trivial observances as the shape of tonsures, and the date of the Easter festival; but differing profoundly from that Church in its association, on the one hand, with the tribal organisation of the Celtic people, and in its consequent dissociation, on the other hand, from the great traditions of order and of law which were inherited by the Roman clergy from the Empire. The very language of the Latin Church was a language charged with all the ideas and conceptions of a long civilisation and of a splendid jurisprudence. The language of the Celtic Church, on the contrary, was the language of rude tribes, governed by no polity but the most archaic customs, and animated by no ideas except those connected with the elementary aspects of external nature, and the fiercest natural passions of mankind. It is true that even in the Celtic code of the so-called Brehon laws, one, at least, of the rudimentary precepts upon which all social and economic progress depends had been expressed in a proverbial form, which ranked the breach of faith between man and man in the transactions of life as a curse only to be compared with the curse of famine or of conquest. It is indeed a striking proverb which records this early recognition of one of the most fundamental conditions of society: "There are three periods at which the world is worthless—the time of a plague, the time of a general war, the time of a dissolution of spoken promises." The sacredness of good faith between man and man could not be more emphatically expressed. But there is an immense space to be traversed between abstract precepts such as this, and the practical application of them in the government of society. The Celtic communities of monks were too native to the Irish soil, too closely connected with

the tribal habits and passions of their kinsmen and friends, to be able to build up, out of Christian beliefs, any better structure of society than that in which they had been born and bred. We have one apparently authentic instance in which the utterly savage custom of summoning women to war, and of arming them against each other with lacerating weapons, was rebuked and abolished by the influence of Adamnan, one of the successors of the great missionary Columba. Even this successful impulse to reform a hideous practice does not seem to have occurred until a generation of monks had arisen in Iona which had escaped from the atmosphere of their native country. But as regards Ireland itself there is little or no evidence that the Celtic clergy either did, or even tried to do, anything in restraining intertribal wars, or in reforming the manners and customs which made them, in that country, exceptionally savage and destructive. There is abundant evidence, on the contrary, that they sympathised with those customs and practised them continually.

8. The Celtic monks of Ireland have rendered, however, one great service to history, and to our knowledge of what is in the nature of our human race when particular branches of it have been left to its unredeemed potentialities of corruption. In the Irish Annals, and especially in the journals preserved by "The Four Masters," we have a faithful picture of the tribal stage of society as developed among the Irish Celts from the earliest times of their settlement in that country, down to times which belong to modern Europe, and were elsewhere times of much civilisation and even of refinement. It is impossible to exaggerate the horror of the picture thus presented to us. Montalembert—despite his enthusiastic sympathies with those "Monks of the West" whose achievements he has loved to celebrate—records with reluctance, and comments with a shudder upon, the unbroken tale of savage ferocity which is the monotonous burden of their song in Ireland. At a time when there is an ignorant sentimentality towards what is vaguely called tribal conditions of society, and a most groundless belief that those conditions

were more favourable to the poorer classes than the economic developments of the modern age, it may be well to quote his words.* After referring to the literary and missionary activity of the Celtic Church in Ireland in its earliest and most brilliant time, he says that all these characteristics "manifest themselves with the more distinction in the middle of the horrible confusion and bloody disasters in temporal affairs, which signalise that golden age of the ecclesiastical history of Ireland, even before the sanguinary invasions of the Danes at the end of the eighth century. It has been said, with truth, that war and religion have been the great passions of Ireland in all epochs. But it must be confessed that war seems almost always to have carried the day against religion, and that religion did not prevent war from degenerating, too often, into massacre and assassination. It is true that onwards from the eighth century we see fewer kings having their throats cut by their successors than during the period which separates St. Patrick from St. Columba. It is true that two or three of those kings lived long enough to have time to expiate their sins by making themselves monks at Armagh or at Iona. But it is none the less true that the annals of the monastic family of Columba present in every line, with sad laconicism, a spectacle which contradicts absolutely the too flattering pictures which have been drawn of the peace which Ireland then enjoyed. We read almost in every year words which tell us much about it in their cruel brevity—war, lamentable war, great war, devastation, spoliation, violation, siege, great slaughter, throat-cutting †—above all throat-cutting; it is the word which recurs most often, and which seems to sum up the destiny of those unfortunate princes and peoples."

9. Montalembert, speaking from his own point of view, very naturally asks if such was the "savagery"—the manners "always atrocious of the Celtic Christians"—even in the presence of the Monastic Orders, what would they have

* 'Moines d'Occident,' vol. iii. pp. 516, 517.

† "Bellum; bellum lachrymabile; bellum magnum; vastatio; spoliatio; violatio; obsessio; strages magna; jugulatio."

been if those Orders had not existed? This question is outside our subject here, which concerns the influence of the Church only in so far as it tended to build up a structure of public morals and of law, with the help of social and political conditions which it could really influence, and into which it could inspire its own fundamental precepts. But it is in the highest degree interesting to observe how comparatively powerless it was when those secular conditions were wholly absent. Christianity itself cannot work without materials to work upon. The whole structure of Celtic society in Ireland was then so organised as to inflame the bad passions of the tribes and septs, to pervert even the useful elements which all natural passions do contain, and to paralyse that instinctive conception of rights as belonging to individual men, on which all civilisation rests, and with some recognition of which it must begin. Montalembert has picked out the words which he truly says are perpetually repeated in this dreary record of human degradation, and which bring home to us most vividly the utter savagery of the life which it records. But he has not hit upon those items of the record which have the most immediate bearing upon economic science, and especially upon that fundamental branch of it which we now are examining, viz., the history of Possession. Perpetual wars between petty tribes, wars constantly degenerating into massacre and assassination, constitute, of course, a condition of society which embraces every conceivable incompatibility with the very beginnings of wealth. But it is of great scientific interest to observe the special facts which have had a lasting effect on the history of a most interesting people, and on the economic development of a considerable country.

10. The mere waste of human life, even in the most destructive wars, may be soon repaired by the mere breeding of the species. The systematic ravaging of crops, and the universal burning of houses, were practices which lose half their significance in a country where husbandry was miserable, and when all habitations were mere hovels made of wattles and mud and turf. But when we recollect that the Celtic population of Ireland during all those centuries was essentially

in the pastoral stage, when their only idea of wealth was the possession of live stock—cattle, horses, and a few goats—then we are able to appreciate the effect of chronic intertribal wars, in which one great object of every chief on the war-path was always to sweep off all the live stock from some large district belonging to a rival tribe. Boasts of this kind of devastation are the perpetually recurring song of these Irish annals. Not even in the presence of the terrible Norsemen who were invading Ireland could the Celtic chiefs of Ireland refrain from chronic hatred of each other. Not even the visitations of pestilence—those mysterious diseases which were common in the Middle Ages—could induce them to suspend their internecine strifes. Thus in the year 1011–1012, after a list of deaths among eminent men, we have the record of two raids into Donegal, in which the victorious chief "carried off a great prey of cows," and a second time extended his ravages farther, "bearing off spoils the most numerous that a king had ever borne, both prisoners and cattle without number." * One inevitable political and economic result of this condition of society, lasting through many centuries, was this—that the poorer classes became more and more utterly dependent on their military chiefs. The cattle on which they mainly subsisted, both for food and clothing, were never for a moment in their secure possession, except under the protection of some chief strong enough to defend them. And when they had lost their cattle, their only hope of recovering the little wealth they had ever held lay in the hope of a more fortunate issue of a future struggle for restitution and revenge. It is curious how all these necessary consequences come out in the metrical singing of the bards, whose rude quatrains are perpetually quoted, apparently with the fullest sympathy, by the monks. Thus, in A.D. 1070, on the death of one of the lords or kings of Leinster, the bard mourns "for their chief against whom no army prevailed:" and declares "that since the body of the king was hidden from all, every evil has showered ever constant." And that no doubt should remain on the nature of the

* 'Four Masters,' vol. ii. pp. 766, 767.

benefits which Celts then expected from their chiefs, it is added that he was "liberal of wealth, he bestowed horses and distributed cows." *

11. This daily and hourly dependence on military strength for the possession of the common necessaries of life, this perpetual consciousness of it in the habitual thoughts and feelings of men towards their chiefs, is the one essential fact at the root of feudalism. And this condition of things came to prevail in Ireland in a degree and in a form which made its feudal system the rudest and the most oppressive, perhaps, in the history of the world—certainly in the history of Europe. It is the very rudeness of it which has prevented it from being recognised as what it really was—a condition of feudal dependence of the most absolute kind. It was too rude to have any form. It was recorded in no written documents. It was simply engrained in the inveterate habits and traditional customs of the people; and so it has actually come to pass, that because of the absence of visibility and of definite form, this terrible tribal system of the Celts has been imagined as one which was more favourable to the poorer classes of society than that of the highly-developed feudal system of the Teutonic peoples. It is forgotten that their dues and services which are more easily seen only because they were recorded in written charters, did from that very circumstance tend more and more to become fixed, definite, and limited; whereas the native Celtic dues and services which rested on nothing but vague and indefinite usages, tended always to become heavier, more oppressive, because more unlimited in the hands of power. Obligations which are defined are always safer than those which are indefinite. Accordingly, among the more advanced and cultivated races of Europe, the continuous effort of the clergy, and of the lawyers, and of the vassals, was to reduce feudal obligations to the strictest definitions. Among the Irish Celts, on the contrary, there was no effort of the kind—no conscious or deliberate effort, indeed, of any kind, on the part of either chiefs or people. There was no higher initiative to take even the first steps in a new direction.

* 'Four Masters,' vol. ii. p. 899.

There was nothing but that passive yielding and compliance from generation to generation with barbarous usages, and with the pressing needs of a savage condition of society, which must always lead to its ever increasing poverty, through the universal insecurity of all possession.

12. The long immunity of the Irish Celts from foreign conquest, owing to their isolated geographical position, was thus, economically, not a blessing but a curse. The foundations of order and of law had never been laid down there, as they had been laid down elsewhere in Europe, by the masterful dominion of the Roman Empire. The invading Celts, in times which are practically prehistoric, had themselves found nothing in Ireland but some still earlier outliers of the human race, from whom they could learn nothing that was not even ruder than themselves, and of whom they could make nothing but slaves. It is open to much question how far it was possible for the native Irish to rise to higher social economic conditions without that contact and conflict with the superior branches of the Indo-European stock, which did not come to them in an effective form till the sixteenth century. However this question may be answered speculatively, we know as an historical experience that out of such contact and conflict alone have come all the higher civilisations of Europe. It is a curious and instructive fact that, rude, heathen, and destructive as the earlier Norsemen were in their Viking days, Ireland owed to them the founding of every one of the chief towns which long continued to be, and still are, the most important in the island. When they retired or were driven out no progress was made. On the contrary, the desolating effect of native usages became worse and worse, as it was in the nature of their natural consequences to do. The native Christian clergy, despite of their literary culture, seem to have done nothing to raise the people, because they were entirely cut off from the experience and traditions of the Latin world. They had been accustomed themselves to take parts in the inter-tribal wars, and to lead armies against those to whom they were opposed in civil or ecclesiastical disputes. There was, therefore, no help in them, or, if any, it can only have filtered

slowly through those of them whose relations with their brethren abroad had begun to awaken some consciousness of the barbarism of their own countrymen.

13. And yet it is curious to observe that the more civilised forms of feudal tenure which had become long established in the rest of Europe were so cognate in their ultimate principle with the rude developments of Irish chiefery, and so congenial with the first beginnings of a desire for secure possession, that so early as 120 years before the invasion of Ireland by the Anglo-Normans under Henry II., the Irish chiefs or kings had begun to imitate their more civilised neighbours across the sea, in Wales and England, by granting written charters in favour of their vassals, and in favour of the Church. Some four or five charters are extant which were written in the Erse language—one as early as A.D. 1060—conveying grants of land.* They follow the general terms of the earlier Anglo-Saxon and Anglo-Norman charters, in which the rights conveyed were generally defined by reference to previous usage, to be legally and formally ascertained and fixed. But in these early Celtic charters there is one special and most significant clause, expressly securing the vassal or grantee from the unlimited and ruinous exactions of the native Irish customs. These exactions had already begun to take the general name of rent, in addition to the more special names, such as "coigny," by which some of the most oppressive of them had long been known. The lands were granted by the new charters "free from rent or coigny;" and so when the Anglo-Normans came, by invitation from Irish chiefs to help them in their contests with each other, the stronger race found the way well prepared for those more secure conditions of tenure which they had enjoyed in England, and which they naturally insisted on as equally necessary in Ireland. Accordingly, the new charters drawn up in Latin in the reign of Henry II. always emphasised the express renunciation on the part of the lord or granter of all Irish customary claims. "Free and safe from every Irish servitude," † was the favourite clause, some-

* National Manuscripts of Ireland, Part ii. No. LXII.

† "Ab omni servitute Hibernicâ liber et quietus."

times varied by the more expressive repudiation, "free from all the evil usages of the Irish." *

14. But the introduction of written charters for the conveyance of landed estates in Ireland marked no epoch in the progress of civilisation there, as it did mark an epoch in every other country in Europe. And this failure arose for the simple reason that in Ireland the security which charters gave to the few, was unaccompanied by any corresponding benefits to the many. It was of little or no economic value that the holders of large estates, the chiefs, the knights and barons and lesser lords in Ireland, should be relieved, by written documents, of more than a specified number of dues and services towards their over-lords, if they themselves allowed no similar limitation of the dues and services which they exacted from those below them. In all other countries, the passage from mere usages and customs to written and recorded documents, was part and parcel of a general advance of society all along the line. The spirit of legality,—which is the desire of, and the sense of need for, definition and limitation in all the rights and mutual obligations of men,—became an universal instinct and a correspondingly universal effort. Beginning at the top, it worked its way steadily downwards through all the relations in which they stood to each other and to all. The serf became emancipated, and, even when he was still practically bound to the soil, the amount of his labour became fixed and regulated. The free tenant got his rent measured, first, by a fixed amount of produce, and then, secondly, by the conversion of the produce into definite sums of money. But no such orderly progress took place in Ireland. For centuries after the introduction of charters conveying or confirming the exclusive ownership of estates, there was no corresponding introduction of definite contracts conveying the subordinate privilege of exclusive cultivating occupation. Nor, indeed, could there be any such progress in the conditions of society which continued to prevail there. The worst habits of intertribal war lasted in Ireland down to times which are comparatively recent. So

* "Absque omnibus malis consuetudinibus Hibernicis."

long as those habits lasted, no limitation on the demands of "chiefery" was even possible. There is nothing that a man will not give for his life. When the poorer classes saw always before them their own absolute dependence upon their chiefs for their life and for their cattle, and for such stores of corn as a rude husbandry could afford, they could not even think of it as unjust that the dues and services by which the power of their chief was sustained, should have any other limit than their own power to render them.

15. A curious record of this condition of feeling and opinion has been preserved to us in the language of the Irish people. Those popular adages and proverbial sayings, which arise unconsciously from the self-recording reflections of human speech, are full of instruction in economic science. Thus the familiar motto of the Irish peasant or occupier of land, "Spend me but defend me," expresses with admirable force and precision both the cause and the effect of the unlimited obligations towards the chiefs and landowners of Ireland, which were not only established, but were justified on the part of their dependents. Nor, as bearing on our present subject—the ultimate sources of all wealth in secure possession—is it less important to observe why it was, and how it was, that Ireland was so late and so slow in laying those first foundations of wealth, which consist in a general desire for the legal definition of all rights and obligations. The explanation is very simple—but it cannot be too emphatically repeated. Within historic times Ireland had not been conquered, as the other countries of Europe were all conquered, by a fresh and invading race. The Romans never even landed on it. The heathen Norsemen did invade and did for a time occupy portions of it; but they were driven out. The civilised Normans at last came to it; but even they did not effectively come as conquerors. Ireland was not invaded and subdued by the Normans as England was invaded and subdued by them. Henry II. was made the feudal Over-lord of Ireland, but nothing more. Even this dignity was only granted to him by a Pontiff who had no right to give it; for as Sir John Davies neatly says,

"the Pope had no more interest in that kingdom than he who offered to Christ all the kingdoms of the earth." * Henry did not conquer it. He did not even make an attempt to do so. No battle like the battle of Hastings was ever fought in Ireland. When he went there he remained but a very few months. He accepted a proffered fealty, but that was all. He left no garrison; he did not even build a single castle, or establish a single stronghold. He disposed by Latin charters of some lands which had practically been already acquired by Anglo-Norman barons from Celtic chiefs who had invited them to help in defeating rival chiefs of their own blood. The partial colonisation of Ireland by Anglo-Normans had been begun by private adventure. A native Celtic "King of Leinster" invited some of these adventurers to help him against his brother kinglets. He gave to one of them his daughter in marriage, and with her the kingdom of Leinster passed as a dower to the Teutonic lord. † This immunity from conquest, first by the Romans, and secondly for a long time by the Normans, is the whole secret of the leading peculiarities of Irish history. There was no happy break in the unhappy continuity of old Celtic customs. No Roman colonists had introduced into Ireland the most fruitful of all the gifts inherited by the nations of modern Europe—that gift which the rest of the northern nations had long enjoyed—the great conceptions and traditions of the Roman law. A few passages from the Digest indeed are said to have percolated through all intervening media, and to have been repeated by Celtic "Brehons" in their rude decisions. ‡ The consequence was that when the Anglo-Normans came at last to Ireland, they found nothing which could have a civilising effect upon them.

16. But this purely negative result was not all, nor was it the worst effect of an isolated history. Professor Freeman has observed on the wonderful receptivity of the Norman race. In all the regions which they conquered and on which

* Davies' 'Tracts,' p. 8.

† Prendergast's 'Cromwellian Settlement of Ireland,' p. 8.

‡ Ibid. p. 15; Campion's 'History of Ireland,' pp. 25, 26.

they settled, wherever they met a higher civilisation than their own, they not only absorbed the light of it, but they soon reflected it again with a nobler lustre. But when, on the other hand, they came in contact with a civilisation of a lower kind, if it presented any features attractive of their old native predatory instincts, they came readily under its fatal spell, and lent their own strength and endurance to its barbarous traditions. Such was the case in Ireland. We have it on the abundant evidence of the Irish Annals, and on the emphatic testimony of modern Irishmen, that the dues and services exacted by the new Norman lords continued to be the same as those which had always been exacted by the Celtic chiefs around them—that is to say, those exactions were unlimited in amount, and were at once the consequence and the cause of an universal insecurity of life and property. The most curious circumstance connected with this historical evidence is that many Irish historians, in repeating it and dwelling upon it, do not see that the Celtic dues and services which they describe, were feudalism in its worst form, and infinitely more oppressive than those of the more civilised and orderly forms of feudalism which became embedded in English law. Thus a distinguished living author on the history of Ireland speaks of "the rest of Europe as having been enslaved, first to the Romans, then to the northern hordes, so that the feudal system, which is founded on the conquest and colonisation of the country by an army of foreigners, had come to be considered as the natural state;" whereas, he goes on to say, "Ireland, lying on the verge of the western world in the Atlantic, separated from Britain by the unquiet Irish Sea, had escaped Roman and feudal thraldom."* And then, with no consciousness at all of the incongruity of these sentiments with the facts he himself narrates, he proceeds to tell us how "the Irish knew no such thing as tenure, nor forfeiture, nor fixed rent; though willing to let their chieftains eat them almost out of house and home."† This is no exaggerated expression. The idea that to know "no fixed rent" is an immunity, when an "unfixed" one was always due and

* Prendergast, p. 9. † Ibid. p. 14.

exacted, is an "Irish idea" indeed, especially when the writer who entertains that idea proceeds to explain to us the real nature of the obligations which were thus left unfixed and indeterminate. "The inferior members of the tribe yielded to the chiefs milk and honey, and even money for the grazing of their cows, and were bound to maintain their lords, with their wives, sons and daughters, their horses, servants, their dogs and dog-boys, for a specified number of meals or days in their houses, when they went among their dependents 'coshering,' as it was called." * Even if the "specified number of days" had been "specified" by anything more definite than the vaguest usage, and even if this limitation of usage had been capable of being enforced, which it certainly was not, it would have been of little use unless the number of the mouths to be fed during those "specified" number of days had been also limited. But of this we hear nothing. On the contrary, all that we know of the Celtic tribal customs points to the most ruinous insecurity of possession in all below the chiefs. Thus the same enthusiastic Irishman, who is so proud of the unconquered Celt, tells us, further, that "the chief had his retainers, and each of them had their 'kerne,' or foot-soldiers, ready to appear on summons, quartered on the poorer families of the tribe. He had also his 'galloglasses,' or soldiers by profession—mercenaries—men who knew not how to till the ground, to feed cattle, or to navigate ships, but whose profession was to fight." † As the support of all these men, as well as that of the immediate family retainers of the chief, could only come out of the produce of the estate—except when reinforced by the plunder of other estates belonging to other chiefs—we may imagine what the condition of the poorer classes must have been when Celtic feudalism was at its height.‡

* Prendergast, pp. 19, 20. † Ibid. p. 20.

‡ Professor Sullivan, of the Catholic University of Ireland, seems to prove that even the very words "feud" and "vassal" are of purely Celtic origin. He calls the theory of communistic equality, even among Germans, a "baseless assumption;" and, as regards the Celts, he declares roundly that communistic habits "did not exist." Introduction to Professor O'Curry's 'Manners and Customs of the Ancient Irish.' (1873), pp. 220–8.

17. Accordingly, the Anglo-Norman barons and knights who settled in Ireland were not slow in discovering that, under the native customs of their new country, they were invested with a kind and an extent of power over those below them which they had never held in England. On the other hand, they desired to get rid of the feudal obligations which they themselves owed to the Crown. "Aids," "reliefs," and "fines," and other casualties of the feudal system, were, no doubt, often abused by the Crown against its vassals, and they were more likely to be abused in Ireland than at home. The Anglo-Normans, therefore, who settled in Ireland were under a double temptation—to adopt the Irish customs, and to discourage the spread and establishment of English law. They gained, in the first place, by escaping from feudal duties and feudal payments to their own sovereign, and they gained still more, in the second place, by enforcing on those below them the far heavier obligations which native customs yielded to themselves. Nor were the poorer classes of the English settlers long in finding out the trap in which they were thus caught. Their old familiar English lords became altogether new and most unfamiliar Irish chiefs and masters; and many of them took the earliest possible opportunity of escaping from the barbarous thraldom of Celtic clan feudalism and of returning to the civilised and definite obligations of their older home. It was thus that although English law was early established in "the Pale"—a narrow area of country near the capital, bounded by the Liffey and the Boyne—even that narrow area became so invaded and honeycombed by the absorption of Irish customs, and by the corrupting adoption of them by the Ersified Anglo-Normans, that, early in the reign of Henry VIII., it was reported to be in as wretched a condition as the rest of Ireland.

18. For the long space of 362 years, from the landing of Henry II. down to the year 1535, when Henry VIII. began to reassert the authority of England over the Irish clans, the devastation of the country and the anarchy of the people went on increasing. This is a lapse of time during which England had made great advances in power and wealth. Ireland

had, on the contrary, lost even the little approach to civilisation which she had ever made, and this for the very reason that, during these three centuries and a half, the Celtic tribes had come to be practically uncontrolled. It has been computed from the faithful and terrible jottings of the monkish Annals that, taking only so small a fragment as the last thirty-four years of this period, and the local history of only a part of Ireland, there are recorded no less than 116 native battles and plunderings, 102 Irish gentlemen of family killed in fight, 168 murdered—many in circumstances of great atrocity; whilst during the same period there is no allusion to the enactment of any law, the judicial decision of any controversy, the founding of any town, monastery, or church; and all this is recorded by the annalist without the slightest expression of regret or astonishment, and as if such were the ordinary course of life in a Christian nation.*

19. It has been said that, with the rebellion of the great Hibernicised Norman house of the Geraldines in 1534, the mediæval history of Ireland ends. In a sense this is true, for, with the contemporaneous contests arising out of the English Reformation, the breath of modern politics begins to blow. The special causes arising out of religious antipathies and fears, came in to reinforce the older causes due to intertribal anarchy. But as regards our present subject, which is limited to economic science, it would be more true to say that the work which had long before been accomplished for the rest of Europe during the Middle Ages was only, in fact, begun for Ireland when Henry VIII. was driven to undertake something like a real subjugation of it. Elsewhere the epoch of Plantation had long been closed. In Ireland it was only opening. And assuredly, there never has been such a vivid illustration given of the fundamental difference between that kind of war in which all civilisations have begun, and that other kind of war by which many civilisations have been destroyed, and from which no civilisation has ever come. Professor Thorold Rogers tells us that the documents he has studied, connected with the rural popu-

* 'Short History of the Irish People,' by Dr. Richey, pp. 247, 248.

lation in England during the Middle Ages, prove that the civil wars of that country were never wars of mere ravage and devastation. Men fought, in the main, for great objects—for some rightful claim of sovereignty over a great nation, for the remedy of some great grievance, or for the concession of some great principle of justice, and of law. They did not fight for mere plunder, or for pure hatred and revenge against each other. Even in war, therefore, every field, except the occasional fields of battle, could thus bear its wonted harvest, or feed its accustomed flocks. The contrast is absolute between this kind of war and the wars of Ireland. For many centuries, wars of the very lowest type had been desolating the whole of it. All men were continually fighting, and yet no man was ever fighting for anything that was of the slightest permanent value to themselves or to the world. It was high time, indeed, to turn over a new leaf, and to take a new departure. And when that new departure was taken, a comparatively short time effected great results. War was waged by the Tudors for three great objects—to assert and establish one effective sovereignty; to plant settlements of men well-affected to its government; and to substitute a civilised jurisprudence for uncertain and barbarous usages. This was the work of the remaining years of Henry VIII., and of his dynasty. Within the comparatively short space of seventy years, much of it had been accomplished. The last year of Queen Elizabeth's life—1603—saw the submission of the last rebellious Celtic chief, and the first years of her successor saw the Plantation of the north of Ireland with a new population which has abundantly vindicated its own title to possession, and the title of the sovereign power which planted it, by its rich contribution to the enduring fruits of industry.

20. There may be a thousand questions of ordinary politics which have little or no connection with economic science. But that science is inseparable from the higher branches of politics, being, indeed, in itself the very highest branch of all. The wealth of a nation cannot be severed from the secure sovereignty it enjoys over its own territory, nor from the social conditions under which that territory is occupied within itself,

nor from the customs and the laws by which the possession of, and the succession to, property is determined. If, therefore, we are to deal with economic science by the historical method, we must gauge the political facts and motives which were supreme in their influence on events at this epoch; for in them economic causes received a signal illustration.

21. The full establishment of the authority of the English crown over Ireland by the Tudor sovereigns was, of course, to a large extent, nothing more than the exercise of that universal instinct to defend a long-established claim and right of dominion, without which no great nation has ever arisen or could continue to exist. It is an excellent observation of Thomas Carlyle that the claim of England over Ireland is involved in the "ground-plan of the world." Geographical position renders it a political necessity. It had been formally asserted and admitted for 363 years at the date of the Geraldine rebellion. In this point of view, even if it stood alone, no clearer call of necessity and obligation has ever been laid on any monarch than was laid on Henry VIII., to suppress that rebellion and to found new conditions, which might make all similar rebellions impossible for the future. But the natural and necessary desire to suppress internal insurrection was, in this case, speedily reinforced by a great external danger. Henry had then consummated his revolt from Rome, and had evoked and consolidated that great Catholic conspiracy of Continental powers against the liberties of England, which continued to influence the whole political situation for nearly 200 years. Every subsequent Irish rebellion was naturally and inevitably in league with the foreign and Catholic enemies of England. "Our king" was the designation given by a Catholic bishop of Dublin to Philip II. of Spain, when he was inciting his countrymen to help the invasion of Ireland by a Spanish army.* The struggle, therefore, of the Tudors in Ireland was a life and death struggle for the very existence of the English monarchy and for all the civilisation it represented in the world.

22. But in this aspect alone, it might be reckoned no

* 'Short History of the Irish People,' by Dr. Richey, p. 588.

higher in the long category of wars than all those which have been waged by the more masterful races of the world for the conquest of the weaker. The benefits and the blessings which have resulted from those wars were not consciously sought, or even thought of, by the conquerors, but have arisen by way of natural consequences from a combination of causes which were entirely out of sight to them. Very different have been the wars waged by England for supremacy in Ireland. It is true, of course, that neither Henry nor Elizabeth fought with the sole aim of the philanthropist, or of the economist, or of the jurist. Yet, not only is it true that, if they had so fought, their course must have been substantially the same, but it is true also that all the motives and convictions which can animate the purest benevolence, or the soundest appreciation of economic causes, or the happiest love of an enlightened jurisprudence, were, all of them, consciously entertained and expressed by the statesmen of both reigns. They did feel, see, and express the piteousness of the condition to which the people and the country had been reduced by long centuries of native anarchy. They did correctly estimate the true causes of an economic condition so deplorable. They did truly and wisely conclude that the very first thing to be done was to put an end to anarchy, and to establish the supremacy of law. And, among all the statesmen who felt and who saw all this, we must give a high place to Henry VIII. himself. In the fierce controversy which still rages round the personal character of that monarch—a controversy in which his accusers seem to have much the best of it—we must not forget the evidence we possess of his real greatness as a ruler. Dr. Richey has said of him that, "as regards his Irish policy, his state papers disclose a moderation, a conciliatory spirit, a respect for the feelings of the Celtic population, a sympathy with the poor, which no subsequent English ruler has ever displayed."* The same writer does, indeed, complain that the English could never understand that any law could be good or rational except the then existing law of England. But this does not

* 'Short History of the Irish People,' by Dr. Richey, p. 242.

by any means fairly represent either the language of King Henry or the facts with which he had to deal. Dr. Richey himself fully admits that the constant wars and devastations of the Irish clans had so broken up the old tribal system as to deprive it of any redeeming merits it might ever have possessed.* What is called the Brehon law had never attained any such definite form or coherence as to fit it for a civilised people. Even the heathen Norsemen found it too rude for them. But this loose code of archaic usages had itself also foundered in the storms of chronic licence and continual war. Accordingly, what Henry VIII. saw and condemned was not the prevalence of a law which was strange to his own ideas of what the law ought to be, but a condition of things in which there was not even the semblance or pretence of any law whatever.

23. In the remarkable letter addressed to his lord deputy in 1520, which Dr. Richey quotes at length, the king expressly declares that he did not seek to force the Irish into compliance with the English law in particular, if it was found too hard for them to bear ; but what he desired to insist upon was that they should live according to "some reasonable law, and not to live at will, as they had hitherto done." His arguments are strictly economic, as well as moral and judicial. He dwells on "the great decay, ruin, and desolation of that commodious and fertile land for lack of politic government and good justice, which can never be brought in good order unless the unbridled sensualities of indolent folk be brought under the rules of the laws. For realms without justice be but tyrannies and robberies, more consonant to beastly appetites than to the laudable life of reasonable creatures." And so, likewise, when the statesmen of Queen Elizabeth came to report on the condition of Ireland towards the close of her reign, the economic results of Irish usages are perpetually dwelt upon.

24. The facts and arguments which we find in the admirable work of Sir John Davies, who became Attorney-General for Ireland in 1603, are as strictly economic and as scientifically reasoned as any chapter of Adam Smith. He ascribes the

* 'Short History of the Irish People,' by Dr. Richey, p. 248.

poverty of the country not only to perpetual wars, but to those rude tribal customs of the Celtic septs, which are incompatible with the very possibility of secure possession. He does not charge it, as many modern writers have done, on the Celtic race, but on their special institutions. As a race, he speaks of them most respectfully as a people "of great antiquity and wanting neither wit nor valour"—as having had the Christian faith for 1200 years—as "lovers of music, poetry, and all kinds of learning." Campion, writing in 1571, with leave of Queen Elizabeth, gives us the curious information that the Church had kept up Latin as a living tongue among the Irish, who spoke it, though incorrectly, like a vulgar language.* Davies then points to the fact that, with all these gifts, and in a land "abounding with all things necessary for the civil life of man, they never did build any houses of brick or stone, some few religious houses excepted, before the reign of Henry II., though they were lords of this island for many hundred years before and since the conquest attempted by the English." "Yet," he adds, "I dare boldly say that never any particular person, either before or since, did build any stone or brick house for his private habitation, but such as have lately obtained estates according to the course of the law of England. Neither did any of them, in all this time, plant any gardens or orchards, enclose or improve their lands, live together in settled villages or towns, nor make any provision for posterity; which, being against all common sense and reason, must needs be imputed to those unreasonable customs which make their estates so uncertain and transitory in their possessions. For who would plant or improve or build upon that land which a stranger, whom he knew not, should possess after his death? And this is the true reason why Ulster and all the Irish counties are found waste and desolate at this day; and so they would continue to the world's end, if these customs were not abolished by the law of England." †

* Campion's 'History,' p. 25.

† Davies' 'Tracts,' pp. 128–130.

## CHAPTER IX.

### POSSESSION UNDER THE NEW TENURES.

1. NO conclusions, perhaps, in economic science have ever been drawn from a wider field of observation and induction than those which we have seen drawn by Sir John Davies and the other statesmen of the Tudor period on the causes of the immemorial poverty of Ireland. Their method was the historic method combined with deductive elements of the soundest kind. The observed facts of a continuous stream of history during 1200 years, and an accurate analysis of certain well-known tendencies, dispositions, and motives which are of universal operation on the minds of men—such were the solid grounds on which those statesmen reasoned. Both classes of fact were indeed so striking and conspicuous in the chain of cause and effect, that it hardly needed any process to arrive at the obvious result. But in tracing those facts to causes inherent in the mental constitution of mankind, they reached down to the fundamental principle of all economic science. That principle is, that human habits, customs, and institutions have certain determinate effects upon the motives which actuate conduct, and that the actions, so determined, have their own special effects, which follow by way of natural and inevitable consequence. When King Henry drew a distinction between the necessity of living according to at least "some law," and living according to the English law in particular, he threw out a very deep line indeed. But even so his plummet did not touch bottom. The habits of violence and war in which the Irish Celtic clans had so long lived did,

indeed, aggravate to an intolerable degree the evils of the loose and incoherent usages which were called the Brehon law. But Sir John Davies, as was natural for an eminent lawyer and a personal friend of Bacon, went deeper still. He pointed out that, even if the Celtic people in Ireland had ever been really governed in peace according to their own archaic usages, they could not have advanced beyond the rudest pastoral stage of society, and the country must still have remained unreclaimed from the wastes of nature. The laws which govern the production of wealth are, in the strictest sense, natural laws, and the human will is the servant and not the master of them. They govern the will, and the will cannot govern them—except by yoking them to its service through compliance and obedience.

2. It may be true, in a general way, as King Henry argued, that even a bad system of human law is better than no law at all. But there have been many systems of human law which have been worse than none. They have systematised injustice. They have intensified uncertainty. They have kept up the sense of precariousness as a constant presence in the mind. Much of the so-called Brehon law was of this character. The barbarous punishment of murder by fines varying with the rank of the victim, and descending to zero for the slaughter of the poor, destroyed all security for human life. The equal partition of property among all children, whether legitimate or bastards, tended to break down the most sacred of all units in human society—the unit of the family. The want of continuity in succession forbade that regard for the future which is the best security against reckless living. The unmeasured feudal dues and obligations which were rendered to the chiefs for the loan of, and for the power of keeping a few cows, on the chance of being allowed to gather in peace some poor crops of grain, kept all the lower classes in chronic poverty. It was from no mere narrow Anglican prejudice that such men as Edmund Spenser and Sir John Davies condemned the whole system of Irish usages as incompatible with even the first elements of civilisation. They saw that it defined no rights and limited no obligations.

They were not deceived, as many have since been, by the notion of an enjoyment of some primeval equality among individual men as brother members of the same tribe. They saw among the native Irish not only all the inequalities which were common elsewhere, but far worse and far deeper inequalities than those which distinguished any other society in the world. They saw the squalid descendants of an older race which the Celts had conquered and reduced to serfdom. They saw the extreme poverty of the lower classes of the clansmen themselves. They saw that although all these people, taken together, formed the great mass of the population, they had no recognised position or rights of any kind, except as the followers, retainers, subjects, or tenants of the ruling tribesmen.* They saw that even above this low level there were other poor men—poorer than any they had ever seen before, and more absolutely dependent on those above them. They saw, over the whole country, a standard of life established which was so low that the mere acquisition of ten of the little native cows, no bigger than a good-sized English calf, was of itself a sort of patent of nobility, raising the happy "cow-lord" into a higher social grade. Above all, they saw the paralysis of the individual aspirations and energies of men under a complicated entanglement of oppressions which left them no motive, and no room, to work. So impressed was Davies with this aspect of the Irish usages, that, not without some infection, perhaps, from Irish confusion of thought, he declared it to be a system which, "tho' it were first invented in hell, yet if it had been used and practised there as it hath been in Ireland, it had long ago destroyed the very kingdom of Beelzebub."

3. The practical proof of all this was patent on the face of the people and on the face of the country. Little facts sometimes indicate a great deal. The poverty of the people may thus be gathered from the incident that, in the monkish Annals, the occurrence of a season of abundance in the crop of hazel nuts is duly chronicled. It sounds like an entry in some diary of squirrels. The land was unreclaimed, and

* 'Short History of the Irish People,' by Dr. Richey, p. 43.

hence, as dense thickets of shaggy wood covered the greater part of it, nuts were the only edible article which large areas of country could produce. In everything it was the same; not merely stagnation, but retrogression was everywhere apparent. The Christian Church partook of the decline. So far from the intellectual condition of Ireland advancing with that of the rest of Europe, we are told that "it had retrograded continuously from the date of Edward Bruce's invasion (in the fourteenth century), and its condition in the sixteenth resembled more that of the twelfth than of the fourteenth century."* This is really an under-statement of the case. The picture presented to us of the condition and mode of the life of the native Irish, as seen by the illustrious author of the "Faery Queene," justifies a doubt whether we are not looking at a condition of things far ruder and lower than that, the remains of which we dig and dive for in the pile-dwellings of the Swiss lakes.

4. Nor, as regards the efficient causes of Irish anarchy and poverty, were the conclusions of the Tudor statesmen founded only on a survey of the past, and on the evidence of a continuous process of degradation. In the comparatively brief space of their own lives, they saw not only the beginnings of recovery, but they saw, in the results of actual experiment, the true remedies to which their reasonings logically led. In the first place, they saw that the poor among Irish people themselves would be delighted to escape from the meshes which held them down, and that they recognised without difficulty the superiority of civilised law over the oppressive usages under which they suffered so much. Testimony to this effect comes to us from quarters the most various, the most distant, and even the most opposed. That vigorous Englishman, Sir John Davies, writing a few years after the close of the Tudor reign, and Mr. Prendergast, an enthusiastic Irishman, writing in our own day, are substantially agreed on this. Davies says that even the Irish chiefs, when they submitted themselves, became "humble suitors to have the benefit and protection of the English laws." "For two hundred years, at least," he adds, "after the first

* 'Short History of the Irish People,' by Dr. Richey, p. 297.

arrival of Henry II. in Ireland, the Irish would gladly have embraced the laws of England, and did earnestly desire the benefit and protection thereof." * Mr. Prendergast, in condemning the injustice of the name "Irish Enemy," commonly given to his countrymen by the English, dwells upon the fact that, from the very first, they were never combined in any hostility to the English settlement. "The English," he says, "coming in the name of the Pope, with the aid of the Irish Bishops, and with a superior national organisation, which the Irish easily recognised, were accepted by the Irish." † Nor is this all. The same author records that, at one time, the Irish were in the habit of seeking by purchase the comparative security of the English law. In the reign of Edward I., an inferior Irish chief claimed this protection against his more powerful countrymen, as having been bought by his ancestors for the (then) large sum of £3000, and referred for proof to the records of Chancery.‡

5. These were facts of high significance and of great encouragement. It was easy, indeed, to establish the superiority of English law over Irish customs by mere argument. But it is always an immense corroboration of such argument, when we see the instinctive recognition of its conclusions by those who feel and suffer under injurious systems. On the other hand, the same facts indicated very clearly the insuperable strength and power, which the inferior and injurious system had acquired, in rendering impossible any successful revolt against it from merely native discontent. All the most powerful classes were deeply interested in upholding it. The great mass of the lower classes were too ignorant to understand the causes of their own wretched condition; and, even if they could understand this, their division into clans and septs would have prevented all possibility of any combination. There was but one possible remedy, and that was as near an approximation as possible to those conditions which had civilised the rest of Europe. The English monarch must cease to be merely a feudal Over-lord.

* Davies' 'Tracts,' pp. 89, 101.

† 'Cromwellian Settlement,' p. 28. ‡ Ibid. p. 22.

He must be a real sovereign. The clan organisation of society, with its barbarous and internecine wars, must be broken up. There must be one central government, and one law protecting all defined rights and enforcing all equally defined obligations. That law could only be established, as centuries of experience had shown, by planting men who were faithful to it, and could uphold it. This was the first experiment and was immediately successful. Plantations were made in Ireland—real plantations like the colonies which were then always so called, and which were then yearly founding, on distant shores, communities carrying with them the law of England, and in virtue of it, manifesting a rapid progress on the road to wealth and power.

6. It cannot be denied that the policy of plantations was on the whole successful; neither is it denied that the areas of country, which were so planted, had been occupied by the worst class of native chiefs, whose conduct had been as destructive to all their neighbours as it was, of necessity, oppressive to their own people. The countries, for example, of the O'Connors and the O'Mores were converted into the King's and Queen's counties—chiefs, who "for generations had plundered and blackmailed the English pale, and ostentatiously lived in open war." * In a few generations, the whole country was reclaimed. Tracts, once woods and morasses, were drained and cultivated. The predatory fastnesses of harrying chiefs and the wretched huts of the poor were replaced by the castles of English gentlemen and the farmsteads of English yeomen. "The statesman, the lawyer, and the economist were alike satisfied." So we are told by Dr. Richey—with a reproachful irony which would be justified, if the previous condition of things had not involved far greater and more permanent misery and oppression than even the rudest processes of plantation could involve. Dr. Richey says we must distinguish between that kind of plantation which, as the result of foreign conquest, has been the foundation of all civilised states, and the very different kind which consists in the deliberate digging out, by an established government, of one class of its own

* Richey's 'Short History,' p. 443.

people, in order to plant in another. And, no doubt, this is, in the abstract, a just distinction. But it is not applicable to the Irish case. It throws no blame on the process, under the special circumstances of Ireland, both because rebellion was chronic there, and because no other possible remedy remained for the ruinous condition of society which the experience of many centuries had proved to be otherwise irredeemable. Nor must it be forgotten that the lands thus planted were, to a large extent, for all useful purposes, vacant and unoccupied. The most conspicuous of all the cases of plantation in Ireland —that which has had the largest and most lasting effect—was the plantation of Ulster immediately after the death of Queen Elizabeth. A large part of the province of Ulster—nearly the whole counties of Down and Antrim—had already been invaded and conquered, and the natives had been almost exterminated by the Hebridean Celts who were indeed stronger but hardly less barbarous than themselves. The rest of Ulster had been liable, any day, to share the same fate. It was a choice between allowing the country to be planted by a race as anarchical in their condition, and as difficult to reclaim as the Irish Celts themselves, or to be planted with a lowland population from the more civilised parts of Scotland, which was accustomed to peaceful industry, because it had long been in full possession of a civilised system of jurisprudence.

7. It seems almost unaccountable that this view of the facts has never been taken into account by Irish historians, nor has it been emphasised as it ought to have been, by those who have written in defence of England. Neither is it at all correct to suppose that these plantations did really involve the expulsion, still less the extermination, of the poorer class of the native population. It destroyed, of course, the whole structure of the old Celtic society, and drove out those who could not submit to a new life. But the only thing it really exterminated was a system of barbarous usages, which had been very far from favourable to the poorer classes. The poor were not expelled; many of them remained in various capacities in the country of their birth. In the plantation of Ulster, out of 511,465 arable acres

disposed of, at least one seventh was given to natives, besides some separate estates restored to Irish lords.* The escheated lands were distributed between 104 Scotch and English farmers with fifty-six "servitors," whilst 286 natives secured allotments; and when we recollect that whatever they did get was to be absolutely secure, whilst before they had no security at all, we cannot doubt that a very great and beneficial change was accompanied with a minimum of suffering to the old population. There never was that clean sweep of the native Irish from their old homes which much careless language on this subject would lead us to suppose. Not only the mass of the poorer classes, but a large proportion of the old chiefs and lords survived all changes, and survive in their descendants to this day. "Indeed," as Professor Stokes says in his most instructive history of the old Celtic Church, "just as in the person of Lord O'Neill and Lord Inchiquin, we find the descendants of two, at least, of the ancient Irish royal families elevated to the English peerage, so, too, we have numerous instances of Irish chieftains still living and possessing estates, where their ancestors lived a thousand years ago or more. It is a simple historical fact that, notwithstanding the numerous confiscations their country has experienced, if the descendants of the ancient Irish chiefs were removed from the ranks of the landed gentry, enormous tracts of Irish land would be devoid of owners." † If to this we add that, of course, a still larger proportion of the "Ersified Norman" Lords were never affected, and that they had largely acquired their possessions by marriage, with a concession from the old Irish chiefs who first conquered them, and with whom they had long become amalgamated, we shall have no difficulty in coming to the conclusion that the displacement of the native population in Ireland has been far less than that which took place in England at either of the conquests, or in any other European country since the fall of the Roman Empire.

8. That which has been peculiar in the Irish case has not been the nature of the changes made, but the very late epoch.

* Richey's 'Short History,' p. 605.

† 'Ireland and the Celtic Church,' pp. 196, 197.

in the history of the world at which they were brought about. They attract attention, not because they were peculiar, but because they are brought into sharp contrast with the long previously settled condition of other lands. They seem to be a complete anachronism. But it is forgotten that the conditions of society which brought them about, were a far worse anachronism, and that a savagery for which plantations were the only conceivable remedy, had a correspondingly late survival in Ireland. In all things it was, at least, four or five hundred years behind the rest of Europe. Indeed, it may well be questioned whether there ever was any period in the history of any European country where the habits of predatory warfare between adjacent clans and tribes had ever been so continuous, so constant, and so systematic. It sounds like a jest, but is not a jest, that among the Irish Celts, plundering was not considered merely as a practice, but habitually thought of as a right. "Thus," says Professor Stokes, "if we take up the Book of Rights, we shall there find, solemnly laid down among the privileges of the kings of Cashel or Munster, that of burning Northern Leinster, and of plundering the cattle of the rich plains of Roscommon, 'while the cuckoo sings.'" * This was in the eighth century. But this condition of things continued in Ireland—without sensible abatement—for another eight hundred years; in some respects, getting rather worse than better.

9. We cannot dwell too much on the striking evidence thus afforded of the insuperable economic effects of certain social institutions, in rendering impossible any reform coming from within. In the case of Ireland, we see Celtic clan-feudalism dragging down even the Christian Church into the depths of savagery. "The monasteries," says Professor Stokes, "in the thirteenth century were as completely tribal institutions, bound up with certain septs, and hated by other hostile septs, as they were in the seventh or eighth century. The monasteries of a hostile tribe, or of a different saint, were regarded as fair game for murder, plunder and arson." † A

* 'Ireland and the Celtic Church,' p. 198.

† 'Ireland and the Anglo-Norman Church,' pp. 363, 364.

bishop of the famous old church at Clonmacnoise was slain with almost all his family in a ferocious feud fight, only forty years before the birth of Luther. It is in vain, then, to allege that the strong language used by the statesmen of the Tudor times, or by those of James I., as to the wretched condition of Ireland, or of the truly indigenous causes of it, was language either exaggerated in itself, or mistaken in its reasoning. Neither is it possible to doubt that the remedy which they looked to, afforded the only possible hope of establishing more favourable conditions. How strictly economic was both the inductive and deductive reasoning they acted upon, is evinced by the stress they laid, in the new plantations, upon the indispensable necessity of abolishing vague, unlimited dues and services in the occupation of land, and of substituting a system of definite rents for definite periods of time. The conditions on which the new settlers received their grants laid the utmost stress on this fundamental change. The principle of it runs throughout the whole system. The great object of them all was to secure for the poorer classes, both native and colonist, precisely that one great advantage which the Irish chiefs and barons had taken care to secure for themselves, more than four hundred years earlier, by their charters from the Crown or from each other. That one advantage was, to hold their land "free from all the evil customs of the Irish," or "free from all Irish exactions." The new owners were to let their land to farmers on specified conditions with security of tenure for defined periods of time. They were not to let them at uncertain rents, or for a less term than twenty-one years, or three lives. The tenants themselves were to build decent houses in villages, and not to live separately in hovels. If these tenants sub-let any part of their farms to natives, these natives were to have the same protection as the farmers themselves had—that is to say, they were to hold at defined rents and for a defined time. The farmers were to take no "cuttings" or other Irish exactions from their under-tenants; whilst these sub-tenants themselves again were not to be allowed to follow the wandering habits they had been accustomed to indulge in, roaming over the country to pasture their cattle wherever they

pleased." * In short, the country was to be really settled and civilised by the establishment, through and through every grade and rank, of all the conditions which alone could make agriculture a real industry and a permanent source of wealth.

10. It cannot be denied that this policy has been successful. Here again, we may say of Ulster, as Dr. Richey says of the King's and Queen's Counties plantation, that the results have been such as to "satisfy the statesman, the lawyer, and the economist." It may well be asked, What is the class of mind—what is the system of doctrine—what is the theory of human progress, which lies outside of these three great categories of human thought and action? Who can be dissatisfied with the substitution of a prosperous, numerous, and peaceful people, for thinly-scattered tribes in perpetual poverty and the victims of chronic intertribal wars? Had such a condition of things any divine right to immunity from attack, when it not only kept its own people in misery, but endangered also the safety of those higher civilisations which had a right to its allegiance? Economic science must not and cannot be divorced from any of the great leading influences which contribute to that fundamental condition of all wealth—secure possession. And therefore it cannot be divorced from considerations of moral obligation or of political wisdom. When the true economist, therefore, is satisfied with any process or any result, and when he takes along with him in this satisfaction both the statesman and the lawyer, it may be confidently said that the verdict of his science combines the suffrages of the highest faculties of man. Economic conditions and moral conditions are very closely linked together; and the concatenation of causes which makes the increase of wealth dependent on the suppression of violence, and on the definition and establishment of individual rights, is a concatenation resulting from all that is most certain and most sacred in both divine and human law.

11. The same economic causes and results are exhibited in close connection with the history of Scotland. Both in some circumstances of similarity, and in many more of sharp

* Richey, pp. 603, 604.

contrast, the same lessons are enforced by splendid illustrations. Most instructive, especially, is that history in the light it throws on the relation between the influence of race, and the influence of institutions, in economic progress. Every race has had valuable elements to contribute, while it almost seems as if no race can ever rise without the help of others which have got before it in the running. Scotland has derived its modern name from a tribe of Irish Celts. Such a fact as this in history is never accidental. It indicates some element of strength, which in the rough battle of life asserted itself in that old Celtic tribe, and led to its pre-eminence. On the other hand it is to be noted that it was a transplanted tribe, removed from the social atmosphere of Irish tribalism, and brought into both fighting and social contact with other races previously occupying the ancient "Alba," and above all, with those which represented both Roman conquest and Teutonic settlement. Nothing can be more certain than that the civilisation of Scotland began in, and radiated from, what is called the Low Country—that is to say, from the areas which lie south of the Clyde and the Forth, and were within the lines of the Wall of Antonine. Nothing can be more certain than that those parts of Scotland which were for centuries behind the rest of it, and some of which are still the most backward, were precisely those districts in which the clan system lasted longest, and in which its everlasting intertribal wars—hardly less bloody and devastating than those of Ireland—wasted the country and often more than decimated the people. Exactly the same phenomenon which appeared in Ireland on a great scale—namely, the temptation of Norman Barons to adopt the barbaric habits of the clans—appeared on a smaller scale in Scotland. On the other hand, the comparatively small, distant, and secluded area over which the temptation prevailed—an area almost confined to the north-western coasts and to the Hebrides—could not materially retard the progress of the nation, or endanger the safety of the monarchy. The whole country, as regards the tenure of property, was early placed under the civilising influence of the latinised feudal law of a comparatively enlightened Church,

and of a truly National Government firmly founded on a great military achievement, and enjoying a corresponding reputation in the world. The defining and recording of rights in the possession of ownership began, as elsewhere, with written charters, and at a very early date proceeded to deal with the occupation, or tenancy of land as distinguished from the ownership, placing the conditions of temporary tenure on the basis of written contracts.

12. I have elsewhere* shown how strikingly this great step in economic progress is illustrated by the terms of an agricultural lease of land at Scone, near Perth, which was granted so early as 1312. This is only two years before the battle of Bannockburn, whilst it is close upon 300 years before the same principles were introduced into Ireland in the plantation of Ulster. That lease, from the perfection of its form, from the clearness of its terms, and the sharp definition of the mutual obligations it records, is a clear proof of a system which had been long established, and had come to be well understood. And this again is explained by the fact that it was a lease of ecclesiastical property. The Church in Scotland, unlike the Church in Ireland, had long escaped from any taint of the tribal system, and had never consequently acquired the slightest sympathy with its worst development in the anarchy of the clans. Even in its earliest, or Columbite form, although an offshoot from the Scoto-Celtic Church of Ireland, the Scottish branch had, by the mere effect of transplantation, been removed from the atmosphere of contagion there; and we have no evidence that in its new "Alban" home it ever sympathised with intertribal feuds or stimulated the evil passions of the clans. Moreover, it was soon absorbed in the one universal organisation of Western Christendom. The Church in Scotland became, in all things, the Latin Church—Latin in its organisation, Latin in its learning, Latin, above all things, in its traditions and teaching of jurisprudence as founded on the Roman law. This great change, which had begun so early as the eighth century, and was completed in the eleventh, led to one great result—that whenever and

* 'Scotland as it Was and Is,' ch. iii. (Douglas, Edinburgh.)

wherever ecclesiastics began to acquire property, their first care was to secure a tenure of it freed from the uncertain and barbarous exaction of Celtic feudalism. These seem to have been quite as oppressive and ruinous in their economic effects in Scotland as they were in Ireland ; and they continued to be so down to a late period, in all those parts of the country which were occupied by the Celtic clans.

13. No delusion, therefore, can be greater than the common popular superstition that the clansmen under the Celtic system enjoyed rights and sources of wealth which they lost when that system was superseded and eventually destroyed. As in Ireland, the poorer classes among the Celts in the Highlands were at the mercy of the most oppressive customs and of the most unlimited exactions. About the very same time that King James, as James I. of England, was planting Ulster under conditions which abolished those customs in Ireland, he was busy in the Hebrides and Western Highlands in effecting the same great reform by persuasion and agreement with the great landowners and chiefs of those regions. The value of this reform had then been proved in Scotland by many centuries of experience. For Churchmen in Scotland had not stopped as the Irish chiefs stopped when they got charters which saved themselves from the uncertain exactions of their own over-lords. The ecclesiastics of Scotland carried forward the same spirit of legality—the same desire of definiteness—into all the subordinate relations between the ownership and the occupancy of land. What they did was to reconcile the fullest rights of ownership over land with the fullest security for occupancy also on stipulated terms and for stipulated periods of time. And this they effected, first, by giving form to these principles on their vast and ubiquitous estates ; and next, by bringing about whatever direct legislation was needed to complete and confirm the system. Before the end of the thirteenth century serfs and bondmen had practically disappeared from Scotland, and a complete system of free tenants, holding land under free covenants, had become the established usage of the country. Everything was done that Parliament could do to enforce the

fulfilment of contracts for the hire of land, and to make that temporary right of exclusive use which constitutes tenancy, as sure a possession as the permanent right of exclusive use which constitutes ownership. In 1449, and again in 1469, important acts were passed, both having this end in view. The first of these acts provided that leases once given by any owner should hold good, both in the case of death as against the heir, and in the case of sale as against the purchaser. The second of these acts provided against the stock on the farm being attachable for any debts other than the tenant's own rent due to his landlord—although in the early agriculture of Scotland it had been otherwise—probably because it was a common arrangement that the stock was provided by the landlord, and was therefore naturally attachable for his debts. In the middle of the succeeding century it was further provided that due notice of the actual intention to remove a tenant should be given to him some time before the end of the stipulated time of occupation. Tytler, one of the best historians of Scotland, passes a just eulogium on the Act of 1449, making leases given by one owner binding on his successors whether by purchase or inheritance. He calls it "a wise and memorable act in its future consequences on the security of property, the liberty of the great body of the people, and the improvement of the country." And all this it was because of its agreement with fundamental economic principles. In one partial aspect, of course, it seems a limitation on the powers of ownership—on the exclusive right of use—that a new owner should be bound by his predecessor on his estate. But in the fuller aspect of the case, it is clear that the principle of bargains being held good when once made with third persons —of those bargains outlasting death, and of their binding force from one generation to another—is the only principle consistent with the fullest powers of ownership in the making of bargains. It was also, of course, the only principle consistent with the security of those subordinate tenures which conveyed to other men for a stipulated time the loan of exclusive use. It is curious that the Parliament which enacted this law seems to have been moved almost entirely by the

moral considerations which are involved in it, and not by the considerations of expediency and utility which are commonly, but erroneously, supposed to be the only considerations cognisable by economic science. It was for "the safety and favour of the poor people who labour the ground," as well as of others who might take leases, that this Parliament acted—a signal example of the inseparable connection between ethical sentiment rightly exercised and the soundest arguments of political science. Thus on the fundamental principles of the Roman law of property, so modified as to include all the elements of feudalism which were capable of assimilation, and supplemented from time to time by a few regulative statutes, the whole civilisation and progress of Scotland has been steadily built up during a period of 800 years, from the reign of Malcolm Canmore to our own day.

14. We shall never appreciate, however, the far-reaching economic effects of well-defined rights of possession until we observe those effects as shown in the recognition of the rights of all men in the free disposal of their own persons and labour. Irremovability from the soil of some particular area of land was the mark of bondage. But, on the other hand, freedom to move from it voluntarily was inseparable from the liability of being also removed from it by those to whom the right of exclusive use over that soil belonged. The superior effectiveness of free labour seems to have been soon discovered by employers; whilst the superior wages it was able to secure was contemporaneously learnt by the cultivators themselves. Very early in the history of Scotland those who began to hire land, for the purposes of an improved agriculture, found out that they could not get on with the old local natives who had been bondmen and inseparable from the soil. Immobility in any population almost always means stagnation—the perpetuation of stupid customs—an insuperable and impervious resistance to new methods and new ideas. Farming tenants, therefore, seem to have brought their own labourers with them to the land they "hired," just as they also brought their own stock and implements. Hence the stipulation in the Scone lease that, on vacating a farm, the tenant was to take away his

labourers along with him, and so leave room for the new tenant to bring his own staff of men. It is a very remarkable fact that, at so early a date as 1209, in the reign of William the Lion (1165-1214), the case of "husbandmen" having to leave the land they had lived upon, either as tenants or as labourers, when that land was let to a new tenant, had become so common that Parliament felt called upon to make some special provisions for the class, by relieving them from certain compulsory customs in respect to the use of particular meal-mills, which at that time lay upon all cultivators of the soil.

15. The immense economic effect of this system of movement among the agricultural population has hardly been sufficiently recognised. It was in reality a permanent and self-acting work of plantation, always tending to the substitution of superior for inferior men in the particular circumstances of each case. That work, which in many nations and in many times, had been, and could only be, effected by violent and sweeping changes involving much suffering and distress, was, in Scotland, carried on, under the natural powers of ownership, slowly, quietly, gradually, all over the country, in virtue of those civilised principles of jurisprudence which recognised all rights of possession which had been acquired by bargain or inheritance, and which had been conveyed from man to man for generations by processes known to, and acknowledged by, the law. Such a process and method of gradual plantation had, moreover, this immense advantage, that it promoted that steady mixture and interfusion of the various races into which the population of Scotland was divided in earlier ages which has everywhere been a primary condition of the highest civilisations. The earliest bondmen, or "natives," seem to have been generally Celts belonging to one or other of the branches into which that race was divided in the British Islands. The Roman legions introduced a mixed race over large areas in the centre of the country. The Norsemen discharged the same great office over the most distant regions of the north and west. The Teutonic immigration from the east and south was large and continuous during several centuries; whilst the more cultivated Norman French

acquired extensively, in the eleventh and twelfth and thirteenth centuries, the ownership of land all over the kingdom. It was they who became, in the person of Robert Bruce and of many of his barons, the main supporters and asserters of its national independence. This great process of amalgamation, carried on without the intervention of conquest and catastrophe, hinged entirely on the free play of individual interests, on the free exercise of all individual rights, and the full enforcement of all individual obligations.

16. But the most signal illustration of the power and value of the possessory rights of ownership, as the greatest of all instruments of civilisation, is to be found in the conscious and deliberate appeal which was made to those rights by the Parliament of Scotland in 1585, under circumstances of great stress and danger. Continual wars with England had long impoverished the country, and over the whole region of the Borders, which are the Southern Highlands, they had evoked all the evils of the clan system, almost as inveterate and pronounced as among the Celtic population of the Hebrides. In both those parts of Scotland, the clans had then long lost everything but the name and a mere trace of the nature of the true old prehistoric tribal organisation which consisted in groups of families united by a common descent in blood. For centuries no man had held land in ownership merely because he was a chief, nor had any tenant held land in occupancy merely because he was a clansman. Chartered and legal rights had long superseded the rude tenure of the sword as regarded the proprietor, and rights more limited but equally defined by covenants, had superseded purely military services as regarded the tenant. The clans, therefore, had become nothing but gatherings of fighting men, recruited from all directions among those who were attracted by the love of predatory warfare. "Broken men" was the graphic expression always used by the Scottish Parliaments to describe the units of which the clans had come to be mainly composed. They had long ceased to represent any real blood relationship. They were recruited by enlisting strangers under "bonds of manrent," as they were called, instruments

elaborately written and formal, binding the new-comer to aid the chief in all his feuds and fightings. This was the process by which the higher classes were recruited, whilst the poorer classes were enlisted frequently by carrying off and adopting the children of slaughtered enemies, as well as by incorporating the broken remnants of weaker septs. Such a system could only be maintained by terrorism over the smaller owners of land, and complicity on the part of those chiefs who had themselves large estates. The clansmen were harboured on the land. The Parliament of 1587, therefore, called upon landowners to exercise their powers of ownership, by letting their land only to peaceable and loyal men. It reminded them that they were responsible for those who were allowed to remain on their estates; and that if they exercised the rights of ownership as they were bound to do, in the interests of the national government, of peace, and of law, the evil of a large population living by war and plunder would soon be brought to an end.

17. Accordingly, the policy and principle of continual plantations on a small scale, became the standard policy of the central government in Scotland, as well as by all who were well affected to the stability of the monarchy and the progress of the nation. It must be remembered that this system was no novelty even to the clans. They were in the constant habit of practising it among themselves—clearing out all the retainers of defeated chiefs, seizing their land, and securing their own hold of it by settling their own people in the conquered or the ceded area. They could not be, and they were not, surprised when what they did among themselves and to each other, was done also to them by the Crown, when it had the opportunity of doing it in the interests of the nation and the monarchy. Thus, one of the chiefs of the clan Macdonald, having cleared out the old inhabitants of the Island of Coll to make way for his own followers, treated, in 1596, with the Crown for giving up the peninsula of Kintyre, and expressly offered as one of the conditions that he would "remove his whole clan and defenders" from the country. The only difference between this system of plantation as practised by the Crown and by the loyal clans, and the same

system as practised by the disloyal clans against each other, was that the sole object and aim of it, in the one case, was to recruit the ranks of industry and civilisation, whilst in the other case the sole aim and object was to recruit the ranks of a lawless and predatory population.

18. It is impossible to exaggerate—indeed, it is difficult even to come up to a due estimate of the calamitous economic effects which had been produced upon the country by long centuries of this kind of life. It diverted absolutely the hand of every man from the pursuits of industry. The only industry which did exist, that of agriculture, was pursued without any forethought whatever, and was absolutely divorced from the most elementary exercise of the inventive faculties. The simplest expedients for turning to use even the natural products of the soil, lay beyond the reach of minds which were awake to nothing in the way of thought. It may well seem almost incredible but it is true that it never occurred to them to turn the rich and abundant grasses of the country into hay that their cattle might not dwindle or die in winter. Such suggestions of mind as did occur to them, were often in the direction of the most perverse contradiction of truths which to us now seem of the most obvious kind. Thus it was a standing maxim among them that the finest grains of their poor cereals were those which should be ground into meal, and that the thinnest and poorest grains were good enough to be selected for the sowing of future crops. This ruinous ignorance continued down almost to our own days: and we have recent evidence that it is not even yet wholly extinct in the outer Hebrides. Under such conditions, it could not but happen that agriculture not only failed to make any advance for well-nigh a thousand years, but there is the clearest evidence that it had become more and more barbarous and unfruitful. It is impossible to compare the accounts we have of the harvests, barns, and mills of the Columbite Brotherhood on Iona in the seventh century, with the accounts we have of the agriculture of the Highlands, when it came to be reported on by competent men in the middle of the eighteenth century, without seeing that there had been a striking and terrible decline.

19. There was, however, one element of thought in this disastrous system which stood in close connection with an universal truth, and which, as such, lent itself to nobler service under happier conditions of society. No man who lived under that system could imagine for a moment, that he held, or could hold, his little bit of land under any other tenure than that of fidelity to him who had the power to put him, and defend him, in the possession of it. What all men felt the need of was —security ; and what no man could even think of as even possible was the existence of security except at the price of loyal services to him who alone could give it. This was the object of all desires—even of yearnings which were inarticulate. A perpetual sense of the precariousness of possession brooded over the whole people ; and the only possible mitigation of it was to hold on to the strongest chief in the fierce contest of the clans. In this way there was a process of true "natural selection" always operating to strengthen those who were already strong. And this process, when the growing civilisation of the owners of land had greatly strengthened the central government, reacted strongly in favour of those chiefs who were loyal to the monarchy. For this loyalty represented also loyalty to the law which for many centuries that monarchy had alone represented over the whole of Scotland. Thus the greatest and happiest of all changes came about—that change, namely, which substitutes for the recognition of mere strength and power, the universal recognition of legally acknowledged rights. Under that change men who before had eagerly sought to acquire the occupation of lands for the purpose of enlisting under a powerful chief best able to defend his people in their possessions, became equally anxious to secure a footing on great estates which had a reputation for just and equitable management towards those who came to them for no other purpose than to secure a comfortable home, and to pursue a profitable industry. What all men longed for was security, not absolute, of course, but under limitations which were known, and subject only to contingencies which could be foreseen and calculated. And this they got under the wise appeal made by Parliament from

the lawless influence of what was called "chiefery," to the lawful rights of ownership.

20. There was, however, for a long time, one great drawback to the economic progress of Scotland arising out of imperfect possession, which was due to no defect in the law, but entirely to an ancient custom which once prevailed almost universally over Europe,—which gave way but slowly to the progress of knowledge and improvement,—which lasted longest in the most backward districts of the Celtic area, and which has been there, down to our own time, the abiding cause of stagnation, of poverty frequently amounting to destitution, and not seldom of actual famine. This was the custom of cultivating the land by men living in groups or villages under the system called in Scotland "Runrig," and in Ireland "Rundale." Under this system there was no continuity of possession in any individual of the group, because the arable land was divided into patches, which changed hands by lot every year among the members of the village or "township." This system of cultivation has played a great part in theoretical writings on economic history, from the fact that it has been widely supposed to have represented a particular form of rural ownership, instead of having been what it really was, merely a special mode of cultivating occupation. It has now been clearly established that this semi-communal method of cultivation had nothing whatever to do with the idea of any communal ownership of the soil. The cultivators of the township were in all cases simply joint-tenants of a particular farm, for which they universally paid rent in kind, or in services, or in money, to the owner of the estate of which it was a part. That this was universally true of Scotland, of Ireland, and of England also down to a comparatively recent date, is known to all who have been called to look into the records of their own property in any part of the three kingdoms. But German writers, and some others, had so built up a theory of primitive communal ownership on obscure passages of Roman authors, and on a mistaken interpretation of the common incidents of tenancy or occupation, that at one time it had come to be widely believed in as a common, if not an universal, fact. The careful investigations of Mr.

Seebohm as regards England, and more recently the truly admirable and exhaustive researches of M. Fustel de Coulanges as regards the whole of Europe and almost of the whole civilised world, both in ancient and modern times, have carried the light of demonstration into this question, and have disproved the communal theory of ownership, not only as resting on no historical foundation, but as directly opposed to all the evidence which we possess.*

21. But although that theory is erroneous, and affects erroneously our conception of the very nature of man and of the beginnings of society, it rests, nevertheless, upon a mistake into which it is most easy and natural to fall. Many of the most visible and palpable facts connected with the mere tenancy or temporary occupation of land are the same facts which are characteristic of ownership. Those who occupy land as tenants, whether they be individual men or small groups of men, always do, and always must claim and exercise over that land the right of exclusive use, at least for certain purposes. They can say, and they always do say when addressing all other men in general, "these fields, these moors, these forests, these hills, are ours. No one else has any right to plough this land, or to reclaim this moor, or put their cattle into this wood, or to send their sheep or goats to graze upon this mountain." As against all the rest of the world, this language, it is obvious, represents not the claims of communism, but, on the contrary, the claims of private property. Such, as against the world in general, the claims of occupying tenancy must always be. But these claims, and this language also, so far as they go, are the same claims and the same language as that of ownership, only in a more limited and subordinate sense. It is, therefore, very easy to confound the two. It is only when we come to ask how and whence the occupying tenants of any land got this right of exclusive use over it, which they thus claim and exercise as against all the rest of the world, that we always discover the source of it to be the prior right and the established claim

* Particularly 'Nouvelles Recherches sur quelques Problèmes d'Histoire' (1891); and 'Les Origines du Système Féodal, Le Bénéfice et le Patronal' (1890).

of some owner from whom the occupiers have secured a loan of it, generally for certain purposes only—for some definite time—and otherwise, on some definite conditions. And on farther enquiry, we always find that this right, as belonging to him, was originally acquired, it may be centuries ago, by some original pre-eminence in the battle of life. That pre-eminence in its own time gained its own victory,—has been recognised by society as a victory in its own interests,—has been acknowledged as legitimate, and has then been handed down by inheritance, or by purchase, through generations which may often reach far back into prehistoric times.

22. But all this history is comparatively out of sight, and therefore, comparatively, also out of mind. The multitude is very apt to forget everything that it cannot see, or feel, or handle. And the same infirmity affects even educated men. In every science, the most fruitful source of fallacy in every problem lies in the forgotten or neglected elements. In economic science, above all others, this has been the copious fountain of error, because, in the infinite complexity of human nature and of human history, the elements which are not gross and palpable, but are out of sight, are far more numerous than in any other subject of investigation. In a great factory, where a thousand looms on many floors may be turning out their beautiful fabrics, the moving power is often in an out-house, or in a subterranean cellar. Nobody, however, can forget it, because the visibility of the motion so obviously demands a source and a cause that the mere invisibility of that source is of no account. But it is otherwise with the most powerful of all economic forces—that which moves all the wheels of industry, the force of mental motives in the exercise of rights. Rights are in themselves invisible, and although the records of them in written documents may be more or less accessible when occasion requires, they are but a poor embodiment of the most invisible and yet the most potent of all agencies in the working of society, in the exercise of every calling, and in the pursuit of every business of life. The actually occupying tenant or tenants of land, their houses, their cattle, their implements, their seed, their crops, and, above all,

their land, with its "marks" and its boundary fences, constituting some definite part of the earth's surface—all these material things are visible enough. But the right by which alone all these things are so held together as to constitute an exclusive possession capable of yielding an assured sustenance and profit to one small group of men alone of all the population of the world—this has no obvious or palpable representative to command and compel its universal and immediate recognition. When, therefore, even in many economic reasonings, we find complete forgetfulness as regards the rights of men as existing in our own time—rights which have been in continual exercise from time immemorial, and which are duly recorded in monuments of established validity in every court—we cannot be surprised if, as regards the records of a past which in details is almost prehistoric, we should encounter the prevalence of that complete mistake, which M. Fustel de Coulanges has exposed, as to the supposed communal ownership of land in early times.

23. But although in the hands of township holders, or, as they are often called, of "village communities," in all their relations towards other townships, towards all outsiders, and towards the owner, possession was entirely founded on the facts and on the law of private ownership, yet, as between the individual holders among themselves, there were some conspicuous, long-established, and traditional customs which, in a very modified sense, were communistic. The cattle, indeed, always belonged to individuals, being the oldest form of private ownership which even the dawnings of civilisation reveal to us. Each patch of arable land was also individually possessed for, at least, one unit of agricultural time—namely, the time needed for the sowing and gathering of a single crop. The only approach to communism, even within the group, lay in the custom of shifting these patches, and of redisposing the individual possession of them from year to year by lot. And it is interesting and most instructive to observe how inseparable this custom was from stagnation in all the acts of agriculture, both in its origin and its effects. As regards its origin, it arose from a desire that as different lots of soil were unequal in quality, the different qualities should be

alternately enjoyed by all. But this idea was founded on total ignorance of the fact that, by artificial means,—by labour of mind and of muscle in permanent improvements,—the different qualities of the soil might be greatly equalised, and sometimes even so reversed, that what had been least productive might become the best. This ignorance, again, by its reactive effect, through the bad custom founded upon it, tended to perpetuate itself. The custom of perpetual change and re-allocation, struck a paralysing blow at motive. The motive of all industry is the hope of reaping its fruits, and this was destroyed when no man could ever hope to enjoy, for more than one crop, the results of labour which might cost a great deal more than the value of that crop, and which, therefore, would endure only for others than himself. Consequently, even when the dense clouds of agricultural ignorance began to lift, when new ideas came from outside, or new suggestions might occur to individual minds within the township, this fatal custom of ever shifting possession kept out those ideas or kept them down.

24. The same great natural economic law applied also, although in a less degree, to the want of individual possession in the pasture land. Cattle must be regarded as machines for converting the natural grasses into the comparatively manufactured articles of beef and bones and hides. They are valuable, economically, exactly in proportion as they best discharge that function and perform that work. But their efficiency in this work entirely depends on what we now call breeding. And breeding depends entirely on artificial selection. But this, again, is inseparable from the special skill and capacities of individual minds and the corresponding segregation and isolation of the breeding stock. Common grazings are therefore, for breeding purposes, incompatible with the absolute necessities of this kind of agricultural improvement. Professor Marshall, in his recent important economic work, has dealt briefly indeed, but with more penetration than any other writer, with this great subject of the stagnating influence of the communal management of land. His remarks are directed to the "influence of collective ownership," but they are equally

applicable to that collective occupation which has so widely been mistaken for ownership. He points out how the village community must always have had the power and the will to "prohibit any innovation;" and how, "in consequence, there often grew up a complex system of rules by which every cultivator was so rigidly bound that he could not exercise his own judgment and discretion even in the most trivial details." Most justly, and indeed profoundly, does Professor Marshall add—"It is probable that this has been the most important of all the causes which have delayed the growth of the spirit of free enterprise among mankind." * How true this is can only be fully known to those who, as owners, have had to deal practically and historically with township occupiers, in the hard endeavour to improve their condition by improved methods of cultivation. It can be proved to demonstration that the only communistic element which ever existed in the old methods of occupying tenancy, namely, the system of constant changes by annual re-allocation,—was the one which offered the most hopeless resistance to all improvement, and which did actually keep down to the very lowest level the economic condition of all those portions of the country over which it continued to prevail.

25. Fortunately for Scotland, this paralysing system was strictly confined to the relation of township occupiers among themselves, and was powerless against the superior rights of that individual ownership, under which they all held only a subordinate tenure. Accordingly, in proportion as owners became more enlightened in the processes of agriculture, it was their steady tendency to individualise possession amongst their tenants. In this they were assisted greatly by the disastrous results of the older system—the chronic poverty and distress—the not unfrequent famines—which were the natural and inevitable consequences of the mediæval system. We have fortunately an almost complete account of these results in the West and North of Scotland during the whole of the eighteenth century, on the testimony of eye witnesses, who begin as early as 1730, in 'Burt's Letters'; Pennant, the celebrated naturalist and observer, who visited the country in

* 'Principles,' pp. 15, 16.

1769 and in 1772; Professor Walker, who investigated the facts exhaustively from 1760 to 1790; and, lastly, the parochial clergy of the Church of Scotland, who reported each in his own parish down to 1795—all of these furnish us with conclusive evidence on the economic condition of the people under the wretched husbandry of the old township system. In the largest and most fertile of the Hebrides, Pennant saw "a people worn down by poverty," drinking more of the corn in the form of whiskey than eating it in the form of cakes. Of another island he tells us that the people "carried famine in their aspect." "The years of famine," he adds, "are ten to one." The fundamental economic fact was that in a proverbially stormy and uncertain climate, the failure of a single harvest might and did bring almost starvation. We know economically what this means. It means that there is no storage. The population lives from hand to mouth. Ignorance of the resources of nature, want of capital, and want of energy, do the work—all depending on bad hereditary customs impervious to new ideas, and repressive of individual intelligence and exertion. The memory of the people was full of successive famines. In the reign of William III. one of these had depopulated a whole parish, so that along an extensive shore only two families had survived. In the north of the mainland, in a district now rich and populous, many people were starved to death in 1740. A series of bad years began in 1781 and impaired the constitution of many who were just able to live through them. These facts might be multiplied indefinitely out of the same indisputable authorities. And now, in our own day, we see a closely analogous catastrophe overtaking the township cultivators of an immense tract in Russia, which consists of one of the richest soils in the world. The accounts are unanimous that this famine did not affect the German settlers whose possessions were separate and individual, nor generally the people on the larger estates, where capital has been expended, and an improved agriculture introduced.* In Scotland, fortunately,

* See an interesting article on the Russian famine, by a Russian.—'Contemporary Review,' July, 1892.

there was a remedy not open to the poor township ("Mir") peasantry of Russia.

26. Scotchmen had one outlet in the Plantations or Colonies of England, and they had another outlet in their own rising towns. They took advantage of both with eagerness and a rush. The chronic poverty, and the frequent famines, together with the total absence of any better prospect from the possession of either knowledge or capital, to improve the resources of their native districts, impressed the people universally, and led to a spontaneous and steady movement towards those new centres of commercial industry which offered the invincible attraction of a much higher reward to labour. Then a new process began to improve the condition of those who remained. In nothing was the virtue of individual ownership more conspicuous than in the gradual but steady abolition of the "runrig" custom of occupation, and in the ultimate complete supersession of it by purely individual holdings. It was the only agency which brought or could bring in new ideas—"other men, other minds." It was the only agency which did or could effect a thorough amalgamation of divided races and hostile clans, or which could spread over the whole national territory that knowledge and that skill over the resources of nature which have always begun in the common centres of education and intelligence. The result was that the occupying population on every estate became less and less indigenous to the spot—more and more varied in its elements,—more and more interfused, brought in, and planted. That which had been the spring and foundation of all improvement over the whole of Europe, became equally the spring and foundation of it on every separate estate. It is true, indeed, as we have seen, that even in the Celtic area, and under the system of the clans, the people had been often moved about, planted and transplanted, enlisted and invited to settle under the stronger chiefs. But the principle of selection by which this movement was guided was a principle which led to no improvement. When men were valued for nothing but fighting strength, the usual average of physical robustness was all that was required. All men were welcome who could wield a sword

and hold a targe, and could rush upon an enemy with an appalling yell. In a later stage of our national progress, when the clan system had been practically superseded as a power, and was only kept as a flavour to the more universal relationship of owner and occupier of the soil, the same processes of internal movement continued at work, and men were chosen as tenants who were of peaceable disposition and loyal to the law. Still later it continued, when men began to be chosen because of some reputation for thrift, or for some skill in the new-born science of agriculture, and of some corresponding resources in the way of capital. And this last principle of selection has continued down to the present day—always under the vivifying influence of possession, or the rights of exclusive use, guaranteed for some definite time and on certain specified conditions.

27. Nor must it be forgotten that the economic virtues involved in the right of exclusive use, took an immense development when the conditions under which it was lent by owners became stipulated conditions of co-operation between owner and occupier—on the one side for the permanent equipment and improvement of the soil—on the other side for a more skilled course of cultivation. Under these conditions the "thing" which owners lent to occupiers ceased to be only the right of exclusive use of the mere soil, and of the natural surfaces of the land. This indeed was, and continued of necessity to be, the one indispensable foundation not only of all property in land, but also of all inducement to the tenancy and cultivation of it. But to this one prime and indispensable contribution of the owner, other contributions were now largely added. That which he came to lend included, further, his own better knowledge of agricultural improvement, and a larger and larger expenditure of his own capital on such of these as were beyond the reach, and beyond the limited interest, of the occupier. Thus for a long time, in Scotland, the township holders were by the owners put under obligation to make certain enclosures and to erect certain houses as conditions of their tenure. And in proportion as individual tenants of higher education and of larger means rose out of, and were

substituted for the old township class, the owners themselves came to make larger and larger outlays upon their farms, until at last it came to this—that farms could not be let at all to individual tenants unless the land was equipped with the accumulated outlays of many generations. In later times, and more than ever at the present day, these outlays amount very often to two, three, four, and even five or six years' rental of the farm, where the older buildings have to be replaced by the accommodations needed for modern systems of agriculture. But in all cases the one essential thing which was, and is lent or let—whether to one man or to a group of men,—is the right of exclusive use over a certain area of land, including all its equipments.

28. This fundamental and necessary definition of the thing conveyed was long expressed, even down to our own time, in a special form of words in every lease of land in Scotland. By these words that which the owner came under the obligation to secure to his tenant, was declared to be that right of exclusive use, whilst, on the other hand, that for which the tenant was to pay the rent was the right of calling upon the owner to defend him in it "at all hands and against all mortals." These words were the record and survival of a time when that obligation might, and often did invoke and involve the owner in a resort to the use of arms when needed to defend and protect the tenant in the stipulated enjoyment. But they applied equally to such legal steps as might be needed for the same purpose under those more civilised conditions in which all rights are guaranteed, and all obligations are enforced, by law. It was in return for the loan of this right that the tenant came under the corresponding obligation to pay to the owner a certain stipulated portion of the produce, or its equivalent in money. That money was the hire of a right which the tenant himself did not independently possess, a right which ownership alone could give him, and yet a right, without the possession of which, for a time at least, not even a day's labour could be safely expended, not a single head of cattle could be safely bred, nor a single sheaf of corn could be securely grown and

garnered. All rights are in themselves things invisible, because they are incorporeal. The material objects to which they apply are visible enough. Nothing is more visible or more corporeal than land—the earthly surfaces on which we look and on which we tread. It is the work of that which we call external nature. But the power and the right of exclusive use over any part of it has always been the work of man—never obtained, since the days of Eden, without exertion, or risk, or cost of some kind, and very often secured only by the exercise of the highest gifts which can be developed in individual men above their fellows.

29. And yet it is to be remembered that this power and right of exclusive use, although exclusive in one sense, is, in another sense, the most widely inclusive of all rights, since it includes no less than the interests of all mankind. It is in their interest that the earth should be made fruitful, and should yield the maximum of produce. But this can only be done by enlisting in the service of production the brains and the hands of individual men, for these are the two great instruments of all production. But these can only be made to work by presenting to them those appropriate motives which are indicated by their natural desires, and which have been verified as the spring of all industry by the universal experience of mankind.

## CHAPTER X.

### THE RICARDIAN THEORY OF RENT.

1. IN the first chapter of this work, allusion has been made to the tone of anger and contempt in which Jevons and some others have spoken of the whole school of economic writers which is associated with the typical names of Ricardo and the two Mills. I have attributed this tone to the irritation which naturally arises in our minds when we discover that we have been taken in—that we had been induced to accept, with a passive and unthinking acquiescence, doctrines which, it is now plain to us, are so erroneous and even absurd that we ought never to have been deceived by them. First and foremost among the doctrines of this class stands the famous "Theory of Rent," which, though often traced to suggestions made in 1799 by a Scotch writer of considerable distinction, Dr. James Anderson, was subsequently so altered, so enlarged, and so systematised by Ricardo, as to become in his hands practically new, and to be now generally associated with his name. I confess I have been myself among the number of its dupes. There is a stage of knowledge in which we begin by simply learning what has been accepted by others as the established conclusions in any science. In this stage we are purely recipient and not critical. We are entirely occupied by the effort to grasp and fully to comprehend the conceptions reached by other minds. In this stage the vast majority of men permanently remain, only those escaping from it who may by accident be induced to make those conceptions the subject of independent thought, and to submit them to a rigorous analysis. The kinds of accident which may lead to this independent action are very various. Sometimes a natural

love of dialectics—a naturally analytical turn of mind—may lead us to this work as a purely intellectual exercise. Much more commonly, in the pursuit of some other subject, or of some other branch of the same subject, we may be brought face to face with a fact, or with a conclusion which is, or seems to be, absolutely inconsistent with the doctrine we had been taught, and which we had previously accepted. Most frequently of all, perhaps, in the practical affairs of life we come across transactions, and observe results, which suggest to us that there must be some great error in a doctrine which we had supposed to be true, and which we had accepted on a presumably competent authority.

2. In all these accidental and incidental ways, the Ricardian Theory of Rent has in recent years been attacked, undermined, and, by some, vehemently rejected. But on very abstract and complicated subjects, such as the definitions and dicta of economic science, fallacies live long and die hard. And especially if those fallacies lend themselves to the support of political theories which nearly affect the interests and rouse the passions of men, then are they sure of a long survival. Moreover, the very fact of a once-wide acceptance has the effect of daunting new enquirers through the ever powerful influence of authority. It is the spirit of rebellion against this influence that rings in the tone of such men as Jevons and Thorold Rogers. On another class of minds the effect is different. They feel disposed, or perhaps compelled to conduct the attack with caution —with large admissions—with almost apologetic modesty. Then, there are always some men on whom this condition of things has a different effect. They are less disposed to scold others than to excuse themselves. It is pleasant to make out that if we have been deceived it was only natural that we should have been so. Lastly, there are those—and amongst this number we should all try to range ourselves—who look on this subject philosophically, and in the cold light of reason. They remember that a theory propounded by a man of undoubted ability, and widely accepted by a host of others as not only undoubtedly true, but as a great discovery, must

have in it some elements, at least, of plausibility, if not of truth.

3. It is, indeed, wonderful sometimes what a load of fallacies can be carried on the back of some little grain of truth, especially if that grain, like a fragment of glass flashing out of a field of mud, so catches the light as to attract and to engross attention. From all these influences operating together, the Ricardian theory of rent has been very gently dealt with, and has almost escaped that furnace of destructive analysis into which, in the interests of economic science, it ought to be thrown. Nothing can be more incomplete and unsatisfactory than the handling of it has been. Jevons has been too angry with other Ricardian heresies to spend much strength on the famous Theory of Rent, which, indeed, he seems to have once swallowed whole—not as Ricardian, but as traced to an older writer, and the fallacies of which he only came to detect by accident. Other writers have been too apologetic to argue well. "Theoretically true, but practically useless"—this is the sort of verdict with which their adverse criticism has been generally content. But it is a libel upon science itself to say of any hypothesis that it is theoretically true when it is at the same time admitted to be at open variance with the practical experience of life. No hypothesis can be entitled for a moment to be called a scientific theory which does not at least aim at agreeing, and which does not seem to agree, with the observed facts of nature. Then, again, there is the usual irrational and unintelligible condemnation of the theory that it is "too abstract," instead of the only true condemnation of any theory, that it is a bad abstract of the phenomena with which it deals.

4. There is no question here of that kind of error, which in physics arises from the mere forgetfulness of friction. This is the kind of error which economic writers are too apt to plead as a sufficient explanation of the wide discrepancies which are often detected between their theories, and the facts of life. But no such excuse can be allowed here. An omitted allowance for friction can be easily supplied in any mechanical problem, if this were all that was wrong in the

solution of it. But if in that solution the assumptions were all wrong as to the nature, as to the cause, and as to the direction of some observed motion, no mere allowance for friction would set it right. Now, almost all recent writers on political economy apply to the Ricardian Theory of Rent language which implies such fundamental errors, as to deprive it of all value; whilst, on the other hand, there is no clear explanation of what these errors are, still less any effective handling of fallacies which cannot possibly be merely harmless. Thus, for example, Professor Ingram says: "If we are asked whether this doctrine of Rent, and the consequences which Ricardo drew from it, are true, we must answer that they are hypothetically true in the most advanced communities, and there only; but that even in those communities neither safe inference nor sound action can be built upon them."* Can anything be more confusing and unsatisfactory than this? What kind of "hypothetical truth" can there possibly be in a theory which purports to deal with such an universal fact as rent, and holds out a theory respecting its nature which is wholly inapplicable to almost the whole civilised world, and even in the rest of the world is so partially applicable that "neither safe inference nor sound action" can be founded upon it? Then, again, we have Professor Nicholson pronouncing the Ricardian theory of rent as "too abstract to be of practical utility;"† and Professor Marshall explaining that "in order to make it true we must add conditions, the effect of which is almost to explain it away."‡ Even that faithful henchman of Ricardo, McCulloch, is constrained to say of him that "his conclusions, though true according to his assumptions, do not always harmonise with what really takes place."§ There is no theory, however absurd, to which this kind of defence would not equally apply. Everything may be represented as true on certain assumptions. It is surely well worth enquiring how such a feat could be performed as to conceive a theoretical

* 'History of Political Economy,' 1888, p. 132.
† 'Tenants' gain, not Landlords' loss,' 1883, p. 83.
‡ 'Principles of Economics,' p. 487.
§ Ricardo's Works. 'Life,' p. 25.

explanation of one of the commonest facts of human life, in all ages and in all countries, which should be so ingeniously false as to extort such a sweeping condemnation even from writers who evidently desire to speak not only with discrimination, but with considerable reserve.

5. Approaching the subject, then, from a fresh point of view, let us begin by asking ourselves the simple question:—What is the common and well-known meaning of the word "rent"? There can be but one answer. It is that rent is simply a word for the price of hire. It may be the hire of anything. It is the price we pay for the right of exclusive use over something which is not our own. In the English language, indeed, its use is usually confined to the hire of some particular things—which things, however, are grouped together on no intelligible principle of classification, but by the accidents of colloquial usage only. We speak of the rent of land, of the rent of a house, of the rent of a fishery, of the rent of a shooting, and of the rent of an opera box if taken for a season. Professor Marshall says it has been extended to the hire of boats, pianos, and sewing-machines.* The particular things which are let out for hire in any particular community vary from time to time with the economic conditions which prevail. In the Middle Ages all over Europe, and under the "Metayer" system of letting land, the live stock belongs to the owner of the farm, and the hire of these is of course a constituent part of the price paid for that hire. In the thirteenth century we know from Walter of Henley's 'Treatise on Husbandry,' that he "farmed" out even the geese and hens on the land he managed at a fixed rate of hire, from twelvepence to threepence or fourpence a year.† At the present time some farmers in Scotland manage their dairy cows by letting them on hire to a contractor—called the "booer"—who pays a regular rent by the year, or for a term of years, for each cow, and makes his profit by the sale of the products. This hire is called a rent, and is clearly the same in kind with the hire of

* 'Principles,' p. 143.

† Walter of Henley's 'Husbandry' (1890, Longmans, Green & Co.), p. 79.

the land itself. We do not, however, apply the word to the hire of men, because we have a separate word "wages" for that particular case of hire. Neither do we apply the word rent in English to the hire of money, because for the hire of money also we have another separate word meaning the same thing. Interest, is the special word we use for the price we pay for the loan or hire of money. But in the French language, as is well known, not only is the word rent habitually applied to the price of the hire of money, but it is specially appropriated to that price. The French National Debt,—which in England we call the Funds—is always called "Les Rentes;" and men who live on the lending of money in any form, or of capital, however invested, are habitually called "Rentiers."

6. In conversation many years ago with a small proprietor in the island of Guernsey, and standing on one of his little fields, I congratulated him on the heavy crop it bore, and on the large profit it must yield to him over the cost of cultivation. To this he replied by a qualified assent only, informing me that the sixth part of the produce he had to pay ("pour la rente") for rent. Knowing that he was an owner and not a tenant, I was puzzled by this; but on further enquiry I found that what he called rent was the interest of money mortgaged on the farm. Here we have a case in which not only is the word rent applied to the hire of money, but we have even a mode of payment, and a measure of payment, identical in principle with that which in Britain regulates the payment of ordinary agricultural rent. This, of course, depends on the nature of the bargain made, and with the position of the money-lender. If he happened to be a neighbouring owner, with free capital, or if he were a shop-keeper in the town, dealing in agricultural produce, it might be more convenient for him to get his interest, or the price of hire for his money, paid in kind than in cash. It is obvious, too, that as regards the amount paid in this case, that amount depended on the sum lent, and was actually in this case equal in amount to the proportion of total agricultural produce, which is often paid by farmers in this country, for the hire, not of money, but of the exclusive

use of the land itself, and of all its equipments. It may be convenient to have a few separate words for the price of hire of a few separate things. But this artificial separation must not conceal the intrinsic identity of nature in the things so separated. Our usages of verbal separation are sometimes quite accidental and very arbitrary. Thus again, we do not apply the word rent to the price we pay for the hire of a horse; but we do apply it to the price we pay for the hire of its stable. There is no likeness in the kinds of use to which we can put all these various things, or commodities, or rights. But there is not only likeness, but identity in one feature common to them all—and that is, that they are all the price of hire—that is to say, they are the price we pay for the temporary right of exclusive use over something which is not our own.

7. The further question, therefore, immediately arises—why should it be deemed necessary to set up any special theory at all about the price which we pay for the hire of land, any more than about the price we pay for the hire of a house, or for the hire of a fishing, or for the hire of a shooting, or for the hire of an opera box? The particular kind of use to which we put each of these various things is no doubt very different from the kind of use to which we put each of all the others. But all these uses resolve themselves into the desire we have to derive some pleasure or some profit by the possession, for a time, of the right of exclusive use of something which is not our own, and for which, therefore, we must pay the price, not of purchase but of hire. But here we come upon a distinction which plays a great part in most economic theories. Professor Marshall says that the meaning which "we may take to be now established as the scientific use of the term" Rent, is the "income derived from things of all kinds of which the supply is limited, and cannot be increased by man's action." This is a definition which seems intended to confine the use of the word rent to the hire of land alone, although it professes to include other things "of all kinds" to which the same description applies, namely, that they cannot be increased

in quantity by any human action. There are no such other things specified, and in any literal sense there are no such things existing, unless the atmosphere be intended. Water, indeed, from the loan of which rents are often derived, cannot be increased in absolute or total quantity over the whole globe, but the available quantity in any place can be, and generally is, largely increased locally by works of man—in all cases in which the use of it is let on hire. The aim of this "scientific" definition, therefore, is apparently to single out the hire of land as the only kind of hire which ought to get the name of rent.

8. But this distinction breaks down completely on a careful examination. In the first place even if it were a sound distinction for other purposes, it can have no application to a discrimination between value for hire and value for purchase. What we are in search of now is a definition of the word "rent" as the price of hire, as distinguished from the price of purchase. No separate word exists which is applied to the purchase of land as distinct from the purchase of any other article. Yet the limitation which exists as to the total area of the earth's surface applies equally to land whether it is hired or purchased. But this is not the only objection to the "scientific" character of that definition of rent which limits it to the hire of land. When we come to close quarters with the distinction between the one thing, or the few things, which "cannot be increased in total quantity," and other things which can be increased by man's action, we find that this distinction breaks down in another way. The only distinction in this respect between land and other things, is that the limit of land area is a visible limit, whereas the limit on other things is generally invisible. As usual in all philosophies, that which is gross and visible is apprehended, whilst that which is invisible is forgotten or neglected. But when we come to think about it, we can see that the absolute limitation on the total area of land implies a corresponding limit on the total quantity of all its materials and of all its products. But nothing made by man can be made out of any other materials or any other products. There

must, therefore, be some ultimate limit to all things made by human effort. That limit is farther off than the limit of land-area—more out of sight—but it exists none the less. Moreover it is well worthy of note that this limit upon all earthly produce is a great deal closer and nearer to us in practice than it is in theory. Theoretically "man's action" can and does largely increase the produce of the earth, so far as the particular forms of that produce is concerned, although his powers in this direction are not infinite, but only indefinite. Indeed it is one of the favourite doctrines of the Ricardian economics that in this respect land is specially under a law which they call the "Law of Diminishing Return," in virtue of which "man's action" upon land comes to a speedy end as regards any possible multiplication of its local products. This doctrine is a false one, in so far as it pretends to distinguish between the exhaustibility of man's action on land, and the same exhaustibility of man's action in all other ways. The pretended "Law of Diminishing Returns," in so far as it is a law at all, is merely one example of the operation of a much higher law—that which is known in physics as the "Dissipation of Energy," under which not only man's action, but all other action so far as we know, is always dissipated, in each of its special forms, into some other and different form, in which it ceases to be available for the same kind of work.

9. But although in theory we can thus establish as a most certain conclusion that all the products of land are, and must be as much subject to an absolute limit of quantity as the quantity of land itself, yet it is of interest to note that in practice this limitation on all the products of man's action comes as constantly and pressingly before us as any limit on the area of land. At any given time and place the things which man's labour can theoretically multiply to an indefinite extent, are practically so limited that in bargaining for the hire of them we find ourselves precisely in the same position as in bargaining for the hire of land. It is true that if I want to hire a farm, and if the owner won't let it to me at a price which I think to be its value, I cannot say to him that I can make another farm at a lower rent. But it is equally true that if I want to hire a boat or

a sewing machine, or a steam engine, or a horse or a cow, and if the owner charges for the hire of such articles more than I think they are worth, I cannot practically say to him that I can build a boat for myself, or make a sewing machine, or a steam engine, or breed for myself a horse or a cow. All of these are things which can be multiplied by man's action. But at any given time and place they are as entirely out of the reach of multiplication by individual men as the acres of a farm. Practically, therefore, everything we can either buy or hire, is strictly limited in quantity by conditions which are for the time at least, and perhaps for ever, insuperable to every individual buyer or hirer; and in this respect the price we pay for the purchase or for the hire of land cannot be differentiated in principle, or as regards its origin and cause, from the price we pay for the hire of any other article whatever. Accordingly there is no word which differentiates between the purchase of land and the purchase of any of its products. Neither is there any sense of the want of such a word. We, therefore, come round to the conclusion that the popular meaning and use of the word "rent" as applied equally to the hire of a great number of miscellaneous things, is a profounder and truer use of it than the restricted use which assumes to be more "scientific." This is a conclusion very often applicable in similar cases. The speech-forming instinct in man is a most subtle metaphysician. It sees by intuition the hidden analogies which unite the most outwardly diverse things. It seizes on these with a powerful and penetrating glance, and stamps its own profound recognition of them with the indelible dye of a just identification. In this case, Professor Marshall is constrained to confess that what he calls the "scientific" definition of rent "is not free from difficulties;" and that "we cannot dispense entirely with the use of the term in its broader popular sense." *

10. Now, there is obviously one essential feature of the popular sense of the word rent common to all the cases which it covers—and that is that the price of hire is part of the cost to us of the particular pleasure or profit which it is our object

* 'Principles,' p. 143.

to hire and to enjoy. The rent of an opera box is paid to obtain a mere pleasure, and it is clear that this rent is part of the cost of the music which is produced. It constitutes part of the fund out of which the musicians are paid, and if they were not so paid they would not go there to sing. The rent we pay for a fishing may be either for the purposes of sport, or for the purposes of selling salmon at a profit. It is equally obvious, that in this case also, the rent we pay for the exclusive right of fishing on a certain bit of river or of the shore, is part of the cost of producing the fish as a marketable commodity. The same necessary consequence applies in every other case. If a house is hired for the purpose of conducting any business in it, the price of that hire does most certainly enter into the cost of that business, whatever it may be, assuming, of course, that the use of the house is a necessity of carrying it on. There are many businesses in which, not only is some house a necessity, but some house in a particular locality, as in the case of shops and warehouses. In some of these cases the right to the exclusive use of a particular site is one of the most essential circumstances governing the value of the trade or calling prosecuted upon it; and, therefore, the price to be paid for that hire is an essential ingredient in the cost and in the price of the articles supplied or produced by the labour which that calling or trade demands. In the case of ship-building, for example, one of the most important industries in the modern world, this connection is conspicuous. Ship-building can only be carried on upon land which is on the margin of the sea or of some inland water—some tidal river—in open communication with the sea. The quantity of this land in every country, with many concomitant conditions, is very limited. The competition is great, and therefore the price of the purchase or of the hire of such land is necessarily high. This price enters, of course, into the total cost of ship-building. So it is in all cases of the hire of anything without which the product could not arise. There can be no exception to this inseparable union. It lies in the very nature of things. It is not reached by argument merely as a logical conclusion. It is reached by simple analysis as the statement of an

included fact. Whatever we may have to pay as the price of having the right of exclusive use of anything, that price must of necessity be part of the cost to which we are put in getting, or producing, or enjoying whatever advantages, or pleasures, or profits, it may be the means—whether the chief or the only means—of our securing. These are not two separate propositions. They are merely two aspects of one identical proposition.

11. There are some fallacies which are best attacked by following the steps of erroneous reasoning of which they are the result. Other fallacies are best attacked by going at once to the conclusions which have been based upon the reasoning, and by showing that these conclusions are absurd. Now, it is the boasted, special, and peculiar characteristic of the Ricardian theory of agricultural rent, that it picks out that one particular case of the hire of land from amongst all other cases of hire as the only one in which this self-evident proposition does not hold good, that the price of everything necessary for production is, and must be, part of the cost of that which is the product. It is the much-vaunted result of that theory that the rent which a farmer of agricultural land pays as the price of its hire—that is to say, the price which he pays for the right of the exclusive use of it—is no part of the cost of the crops he may raise upon it. That this conclusion is a violent paradox is evident on the face of it. It cannot possibly be true unless it be also true that rent is paid for something that is not an indispensable condition of agricultural production. And yet Ricardo does not attempt even to make any such assertion, far less does he attempt to prove it. He does not, because he cannot, deny that this right of exclusive use is a necessity of the farmer's calling—an indispensable condition without which he could not carry on his trade—a right apart from the possession of which he could never venture on the ploughing of his land, or on the sowing of his seed, or on the purchase of ploughs and harrows, or on the breeding of stock, or on the engagement of labourers. But although Ricardo does not deny this, neither does he admit it. He takes the simple course of shutting his

eyes to the question altogether. It is with him a completely forgotten or neglected element. He does not seem to see, or even to think of it as a question at all; still less is he conscious of it as a question which must be not only asked but answered before his conclusion can be tested, or, rather, before it can be lifted out of the position of being condemned as a barefaced assertion of that which is not only paradoxical, but obviously and demonstrably false.

12. And yet, strange to say, this is the very peculiarity in the method of Ricardo which has enabled him so long to impose upon us all. That question which he forgets to ask, his readers very naturally forget also. It is thus a perfect example of that most fertile of all the sources of fallacy—the source, namely, which lies in neglected elements. And this fallacy is all the more irremediable when the particular element which we neglect and forget is not of a kind to obtrude itself upon us. Rights are in their very nature impalpable and invisible. They are not material things, but relations between many material things and the human mind and will. The right of exclusive use over land is a thing invisible and immaterial—as all other rights are. And yet although it is, and has been since the world began, the basis of all agricultural industry, it is a basis impalpable and invisible, whereas the material implements and tools whose work depend upon it are all visible and palpable enough. The land itself, the ploughs and harrows, the horses and the cattle, the flocks and herds, the human labourers, all of whom and all of which would never be where we see them without the invisible rights on which they depend—all these catch our eye, and may very easily engross our attention. The whole of these, in their due place and order, are instruments of production; and if we are induced to forget any of those other elements which are equally essential instruments, merely because they are out of sight, then our deception may be complete, and fallacies which become glaring when memory and attention are awakened, may find in our half-vacant minds an easy and even a cordial reception.

13. But before dealing farther with Ricardo's conclusions, it

may be well to trace the steps of reasoning down which he has been led to them in his famous chapter. He begins ill, because he begins with an incomplete analysis. He separates rent into two constituent parts, and he emphatically warns us that his theory applies to one only of these parts, and not at all to the other. But the part to which he does apply it is itself a compound of several ideas, and he fails to separate these ideas clearly. He is thus like a bad chemist who, undertaking to analyse a mineral, leaves whole lumps of it undissolved, and has no conception of the ingredients which lie hid in them. Thus Ricardo divides rent into (1) hire of the equipments and improvements which may be upon, or may be incorporated with, the land ; and (2) into hire paid for the bare soil itself. He admits that his theory has no application to the first of these two ingredients of rent. Of course, this admission is of itself enough at once to condemn the theory as inapplicable to all the rents which are paid for land in every old or long settled country. Even if the two elements could be logically separated in theory, they could never be separated in practice, because the improvement and equipment of land is a process which has been, and is continuous, lasting through many successive generations. For besides the inseparability of such visible things as buildings, there is the still more ineradicable union which consists in original clearings from forest, in permanent drainage, in the removal of stones and rocks, and other processes of ancient reclamation.

14. But this is not the only blunder in Ricardo's analysis. Besides assuming a separability between two elements which can never be disjoined, his theoretical separation or analysis omits altogether to notice the highly complex character of the one element which he does select for handling, and which he deals with as if it were simple and uncompounded. That one element he calls "the original and indestructible powers of the soil." Ricardo does not stop to explain why it is, and how it is, that these "powers" become purchasable and hirable commodities. He admits and assumes that rent will be paid for these "powers." But he makes this admission and

assumption with no more than one passing word of analysis to indicate that the nature of this payment must be further defined before any theory can be constructed as to how and why it has to be made at all. He does, indeed, passingly refer to the fact that it is paid for "the use" of those powers; but he does not stop to consider what this "use" implies and covers. He does not specify, or bring out, the fact that this use must be exclusive—that it must be that kind of use which excludes all others from interference with it. Consequently, he does not bring out the fact that this right of exclusive use must have been previously acquired somehow, and by somebody. Consequently, again he fails to elicit the fact that this acquisition must have been the result of labour of some kind—labour of the hands, or labour of the brain, or of a combination of both. As a still further consequence he smothers the fact that if this be true, the right, or the power of exclusive use of the soil itself, is as much the result of the capital or the labour which had been expended in securing it as is the right of using those incorporated equipments to which he himself confesses that his theory can have no application. He forgets or neglects the obvious fact that these incorporated equipments must not only have been supplied after the right of exclusive use had been already secured, but must have come into existence only because of that right, and must have rested upon it as their sole foundation. He has, indeed, a glimpse of these facts; but it is a glimpse only. He does not fix his eyes upon them except for a moment. He refers to the "appropriation" of land as the one fundamental work, or act, of which rent is a "consequent creation." But he does not follow up this clue of thought, or trace it to its goal. That goal is to identify the right of exclusive use as the true fundamental condition of all equipment—the one expenditure of work, or of its equivalent in capital—on which all other and later expenditure absolutely depends, so that in principle, in origin, and in nature, they are all homogeneous, and cannot logically be separated or divorced in any theory which is true to nature and to fact.

15. But the secret of the long and unsuspicious acceptance which the theory of Ricardo has enjoyed does not depend only on the invisibility, and on the consequent total oblivion of the fact that the price payable for the hire of an exclusive right of use over certain fields is the first necessity of agricultural production, and, as such, is indisputably an element of corresponding importance in the cost of its results. Besides forgetting some facts he has invented others, and these invented facts have been carelessly accepted on his mere assertion. Having thus begun the edifice of his reasoning upon the sand of neglected elements, Ricardo proceeds to heap up a heavier and heavier load upon it. He next asserts and assumes it to be a fact that there is, and even that there must be, cultivated land which cannot afford to pay any rent at all, but yet can continue to be cultivated at some profit. In this assumption as to a matter of fact, he encounters, indeed, the opposite statement of Adam Smith, that all land, however poor, affords some rent, however small. But Ricardo is not confounded. He says that Adam Smith offers no proof of this statement except the assertion that even "the most desert moors in Scotland and Norway produce some sort of pasture for cattle, of which the milk and the increase are always more than sufficient—not only to maintain all the labour necessary for tending them, and to pay the ordinary profit to the farmer or owner of the flock or herd, but to afford some small rent to the landlord." * What better proof of this assertion could Adam Smith produce than the simple statement of a fact which is notoriously and unquestionably true? Every proprietor in the Highlands of Scotland, and in all mountainous countries, possesses, in virtue of his ownership, the exclusive right of use over many surfaces of soil which come perfectly under this description of Adam Smith. I am myself in possession of this right of ownership over many thousand acres of bog and rock and moor; and I can testify to the fact that not one acre of these surfaces, except actual water and actually bare rock, is without some contributory value to the rent of the grazing to which it belongs. There

* 'Wealth of Nations,' Bk. i. cap. xi. Part i. p. 67.

are certain seasons of the year when some peat mosses, unless in too liquid a condition to bear the weight even of a sheep, supply special grasses of great nutritive power. Others supply rougher grasses, valuable for winter fodder or for bedding, whilst the very rushes and bulrushes are used for thatching. The result is that when any such surfaces are resumed from a grazing-farm by the owner and taken into his own hands for any special purpose such as planting, or the making of artificial lakes, the tenant always avers that the withdrawal is more or less injurious to him—claiming and getting some corresponding compensation. And this is all the more significant as the value of such surfaces affords the nearest possible approach to the definition of that kind of rent to which Ricardo professes to confine his theory—namely, the rent payable for the "original and indestructible powers of the soil." Not only as regards all arable land, but as regards all land which is devoted to enclosed pastures, it is impossible to distinguish between the value which has accrued through centuries of gradual improvement and the value which belonged to it in its prehistoric state. Over the whole of the British Isles, and indeed over the whole of northern Europe, the original condition of the surface was that of dense forests, or of enormous marshes. There was no such thing as "prairie" lands—vast areas of rich soil free from forests, and not marshy. The original work of reclamation therefore has always been continuous and severe. Although, therefore, the letting value of mountain pastures corresponds most nearly to the vague idea of rent as defined by Ricardo, it is, after all, but a distant approximation to the real facts. In the first place, mountain pastures cannot be utilised, even when cleared, except in connection with a certain area of improved and arable land, with buildings, enclosures, and other equipments, whilst even the pastures themselves must be improved by fences and often by surface drains. In the second place, even as regards the "natural and indestructible powers" of mountain pastures, they were of little value till they had been cleared of dense thickets of wood, and are of no value at all until they are stocked. But the stocking of them is as much cultivation as

ploughing and sowing. Sheep and cattle are nothing but machines for the conversion of the natural products of the soil into mutton and beef, and skins and wool. And these machines will no more be supplied than ploughs and harrows and houses and labourers will be supplied, except by men having the security of the right of exclusive use. For this right some rent does always accrue, as Adam Smith says, and over a large area in all hilly countries no other rent exists.

16. But Ricardo, thinking that the existence of rentless and yet cultivated land is a necessity for his own theory, escapes from the testimony of Adam Smith by asserting that it does not matter to his argument whether rentless land does or does not now exist as a fact in Britain, because it is certain it must once have existed there, and does exist now in many still unsettled countries. But when we pursue Ricardo's reasoning as to this ideal necessity as regards the past, and his asserted fact as regards the present, we find that it depends entirely on ambiguities of language. He sees that in some conditions of society land is rarely, or it may even be for a time, never, let. But he does not see that the particular kind and form of value which becomes visible in the hire or rent of land, is certainly present, although in a concealed form, where land is not actually hired. It changes its form, and that is all. It is concealed under the form of interest on the capital expended on original purchase—on the sacrifice of other sources of income involved in migration—and on many outlays involved in the first settlement of a country. There is not now, nor has there ever been, any country in the world where the ownership of land, which consists in the right of exclusive use, can be, or has been, secured for nothing. Some grant or lease must be obtained from some government, or some company, or some chief. And in most wild countries the labour of clearing primeval forests is such as to represent as large a capital as would amount to a considerable price. Moreover, in almost all countries, the first settlers have had to secure and defend possession by force of arms. We are very apt to forget now that this original purchase-money was once a heavy item in our own Plantations

in the New World. Lowell's fine lines ought to remind us of this fact:—

> "Brown nursling of the Woods, whose baby bed
> Was prowled round by the Indian's stealthy tread."

Moreover, since Ricardo's day, it has come to pass that on those prairie surfaces of the American continent which are naturally bare of wood, and which come nearest to his ideal of land affording "original and indestructible powers" to the settler, there the actual letting of land has arisen on an enormous scale. I do not dwell, however, on this fact, because it is merely a visible and tangible illustration of a truth which ought to be quite as clearly seen by the light of reason when it does not appear in that form but takes another. When we purchase with money, or when we conquer by the sword, the permanent right of exclusive use over land, quite as much as when we hire it temporarily from another, "rent arises." That is to say, the interest on the purchase-money, and on all sacrifices and dangers involved on other methods of acquisition, is identical with rent, and must be credited to the interest on the cost of acquisition as an economic undertaking. In principle, it makes no difference whatever whether we do, or do not, let to another man that right of exclusive use in which ownership consists. If we do let it, the price which we get for the hire of it represents the interest of money, or of money's worth, and is called rent. If we do not let it, but cultivate it ourselves, the profits arising equally represent that same interest on our outlays. When a man lends his land to another on loan, that interest then becomes visibly segregated, as it were, from the other returns of produce, and becomes "earwigged" under a different name. But that is all.

17. Ricardo was a "city man," and probably never saw the account books of an old historic agricultural estate in his life. If he had done so he would have known that when an owner takes land, as the phrase is, "into his own hands," that is, when he cultivates it himself, the estimated price of the hire of it—that is to say, the rent—is always entered as a charge

against the produce, and unless that produce pays this rent, as well as interest on stock and expenses of cultivation, with some profit, the farm is not considered "to pay." That is to say, it is then proved to pay no interest on the price of purchase—no return for the right of exclusive use—and, therefore, less than it would pay if it were let at the estimated rent. Now, this is not a mere paper fiction. It represents the scientific and economic facts in their true light, and it brings to a focus the evidence which proves the truth that the price or cost of the exclusive use of land never is, and can never be, eliminated from the balance of profit over the total cost of its products, whether the land is actually let for a rent or not. There can, therefore, be no such thing as rentless land which is, at the same time, cultivated or used for any agricultural or pastoral purpose whatever. If it continues to be so used, it can only be that the produce is enough to pay the usual interest, or rate of profit, on the whole capital employed, including especially that portion of the capital which was laid out on the purchase, or otherwise on the acquisition, of the right of exclusive use.

18. When, therefore, Ricardo, and James Mill, and J. S. Mill, and McCulloch, and even Jevons, and a host of others, all assert or accept the assertion that, in the nature of things, there "must be" some land so poor, or so disadvantageously situated, that it can only just pay the cost of cultivation by the hirer or tenant, and can afford no "surplus," as it is called, for rent, I reply, not only by denying this "must be" altogether, but by asserting, on the contrary, an opposite "must be," as arising out of the very nature of things—that land will never be continued in cultivation at all, unless it does pay some return in the nature of rent—that is to say, some return on the capital invested in the mere right of exclusive use, as an item inseparable from those other portions of the total capital invested, which are simply another part of the cost of cultivation. In this counter assertion, however, I have the advantage of being able to refer to the facts of life, which prove that there is no land in any settled country, however poor, which cannot yield a return paying

some moderate percentage on the cost of acquiring the exclusive right of use.

19. But this counter assertion as to a matter of fact is not the only reply to an erroneous assumption. It is possible to trace and to identify the source of the error into which all these writers have fallen, and to show how it is that things do practically escape from the results which they have theoretically concluded to be an absolute necessity. It is perfectly true that land is of various qualities, and is otherwise divided into parts having very various degrees of advantage and disadvantage as regards the value of their productions. It is perfectly true that, on the best and most advantageously situated land, the cost of production is least, and the profit is consequently highest. It is perfectly true that, in the downward scale, there must be a line or a point at which this disparity becomes so extreme that the poorest land must cease to compete with the land of better quality. All this is true. But it is not true that the only remedy for the owner of the poorest land is to allow it to be cultivated for no rent at all. He has another alternative, which is the very simple and familiar one of applying his land to some kind of cultivation which is cheaper and better adapted to its powers. It may be driven out of the letting market as a producer of wheat, and yet be well within that market as a producer of oats, or of potatoes, or of grass. And this is what actually happens. Land is never totally abandoned. The hire of it is lowered when it meets with lower values of produce, or with increased costs of cultivation.

20. But this word "cultivation" is again one of the sources of the innumerable fallacies on which the Theory of Rent reposes. In the etymological sense of the word "cultivation," it means, arable cultivation, because "cultus" is the Latin for tillage, whilst a separate root gives "culter" for a plough-share or for that part of a plough which in Scotland is still called the "coulter." In this sense a great deal of land has gone "out of cultivation" in Britain of late, and a great deal more has never been "cultivated" at all, and never will be—till either the cost of tillage has been lowered, or until the products

have been raised in value. Moreover, a great deal of land which was once cultivated or "arated" for corn, has been lately thrown out of that particular kind of use, and has been reduced to the growth of less costly produce. But in Britain, even under the stress of an extraordinary depression of all agricultural values, there is no land which has been thrown out of all use, and over which the exclusive right of that use has become altogether valueless, whether in the form of purchase or of hire.* The great change has simply been from arable cultivation to pastoral cultivation. But there are some parts of England where this kind of cultivation has always been the most profitable of all, from the extraordinary feeding power of the rich grasses they produce. The plains and vales of "goodly Somerset" are famous for the high rent they afford as the price of hire, and what is called cultivation by the plough would ruin them. All this is in absolute contradiction to a theory which not only assumes that there is such a thing as rentless yet cultivated land, but assumes farther that there is so much of it that the rent of all other land hinges and depends entirely upon its existence. Yet this extraordinary paradox is the very essence of the Ricardian Theory of Rent, and it is most curious to trace the fallacies through which one of the most extraordinary delusions which has ever been accepted by reasoning men, has enjoyed a wide although a puzzled acceptance for several generations.

21. In the further tracking of these fallacies, let us observe that the fact of little or even no agricultural land being let for hire in a new country, such as America when it was first settled by Europeans, is a fact which has nothing whatever to do with the proposition that the right of exclusive use over it has no value in the nature of rent. If that right of exclusive use can

* I am informed that at present there is some land in English counties, such as Essex, which has "gone out of cultivation," because it is supposed to be fit only for the production of wheat, and the present prices of wheat do not afford any profit on the production of it; whilst at the same time the land will not produce any nutritious grasses. But this is not a case in point, because land wholly abandoned is a very different thing from land cultivated and yet incapable of producing any rent.

be more easily secured by purchase than by hire, then the method of acquiring it will take the cheapest road. Purchase will be resorted to instead of hire ; but the interest on the cost of defence, or of purchase, together with interest on the cost of clearing, and of all other operations required as necessary preliminaries to actual use, will be in the nature of rent, and would fetch a price in the form of rent if there were other men who wished to avoid these necessary, but purely preliminary, portions of the total costs of production. There are many reasons why such men are few or even non-existent at an early stage in the history of a new settlement. Until quite lately, when "companies" and "syndicates" have been developed, the first settlers in a new country were almost always poor men. They were weak in capital, and strong only in muscle. To secure the bare right of exclusive use over a bit of land may cost little money, or perhaps, sometimes, even none at all; whilst the heavy cost of clearing, enclosing, and otherwise equipping it, was a cost which could be met by the expenditure of their own labour, with little or no help from money. But this again confined the new settlers to the purchase and occupation of small areas of land such as their own personal labour was sufficient to improve. All other men around them were in the same position, or, if not, those who were not in the same position were in some other position which equally withdrew them from any desire either to hire or to purchase land. Such other positions were occupied by all whose tastes, or whose abilities, or whose necessities led them to deal in other articles than agricultural products. Then again, the same concatenation of circumstances led to this other fact—that the hire of labour was very dear. The class had not yet arisen there which lives by wages. But those who either hire or purchase large areas of land must always depend on the use of hired labour, which, of course is one of the first items in the cost of all production. The combined result of all those facts and causes was, that the price to be paid for the exclusive use of land took, at first, almost exclusively the form of purchase and not of hire. But none the less this difference was a difference in form alone. The price to be paid for the

right of exclusive use "arises" in all cases whatever of possession whether acquired by conquest, or by purchase, or by hire. It did not become separately visible under the name of rent. But it was present—latent—under the form of the interest due on the total of sacrifices and of cost. And the moment a change arose in circumstances purely external; the moment population began so to increase as to give rise to greater division of labour; the moment farmers became richer and came to possess some capital in addition to their own muscles; the moment the hire of free labour became a little cheaper; the moment a class arose which was desirous of avoiding the trouble and the cost of first acquiring, of clearing, and of equipping land, and were yet not rich enough to supply both the capital which represented this cost and also the capital which would provide for the current outlays of yearly tillage or pasture; the moment men began to buy the exclusive right of use over larger areas than they could themselves cultivate with their own hands—then the hire of land began, in America as elsewhere. Owners began to look out for hirers of the right they had acquired and held, because they found they could best utilise it by lending it at a price. Hirers began to look out for hireable land, because they could thus utilise best, and at least risk, that portion of the total cost of production which they found already supplied by others. And so they could afford to pay, in the form of rent, interest upon that portion of the required capital which was not their own.

22. When we thus follow the steps of this change from the non-existence to the wide prevalence of the custom of hiring agricultural land in a new country, we see plainly that formal rent is no creation of a new thing—no "arising" out of nothing—no first appearance of a fresh phenomenon. It is the mere transmutation of one and the same thing into a new form. That which had been before seen as one total return, becomes visibly divided into two. One sum of total cost becomes separated into two halves—one of them contributed by the owner who is the lender, and the other by the cultivating tenant who is the borrower. The one half of that total is as much part of the cost of production as the other half. Both

are indispensable to one combined result, which is the profit to both contributors, to each according to his share in the joint expenses first of securing possession, then of clearing, reclaiming, and enclosing, then finally of conducting cultivation.

23. But the question may well be asked what connection of thought can possibly exist between the proposition that in certain early conditions of society the owners of land seldom let it, but generally work it themselves, and the farther proposition that this absence of hireable land in a new country is the "cause and origin" of lettable value, "arising"—or in other words, of rent coming into existence? In all other matters economic, we are accustomed to suppose that the existence of a demand for anything is the great cause and origin of its value. But in this case we are told, on the contrary, that the non-existence of letting value in any country is the cause and the only cause of that kind of value being developed therein. The whole Ricardian school insist upon it that the existence of more or less unlettable land is the necessary condition precedent to any land being lettable at all. When they are told as Adam Smith tells them, that there is no such rentless land in even the wildest part of Britain or of Norway, Ricardo "takes leave to doubt it," and then says that even if no such land exists now, it must have existed at some former time. Fawcett who is a faithful Ricardian, or who at least thought himself to be so, innocently assumes the fact and asserts it to be "undeniable."* No proof whatever is offered of this asserted fact or of this assumed necessity. It seems to rest on no other foundation than a bad and artificial definition, and on the idea that if we go far enough back in history there must have been much land used by savage tribes for hunting or for pasture, which they could not let, and never thought of letting on hire to anybody. Even this shred of possibility may be far from universally true. In many of the earliest stages of society very uncivilised tribes do allow other tribes to pasture within their boundaries on condition of some tribute, which is nothing in such case but a rent for the

* 'Manual of Political Economy' (6th edition), p. 116.

temporary use of land. This form of rent is common at the present moment among some of the Arab tribes which possess lands in Palestine eastward of the Jordan.

24. Ricardo's assumption, therefore, as to the past existence of land with no lettable value is radically unsound, even if it were relevant to his theory. But it is not relevant, even if it were true. For what effect on rent can possibly survive to the present day from the fact, even if it were true, that centuries ago such a thing as payments for the use of land was a thing absolutely unknown? Some of the followers of Ricardo, however, have taken a bolder line. They say that it does not the least matter as regards the truth of his theory of rent, either whether there is now, or whether there has ever been such a thing as unlettable land in actual fact. It would equally remain true in either case, that the rent of any given area of land must consist in the excess of its value over other land which would afford no rent at all. The assumption that there actually is any such land is admitted to be merely an assumption for the purposes of a definition, and the truth of the definition is independent altogether of the correctness of the assumption as a mere matter of fact.

25. Professor Marshall adopts this excuse for the Ricardian doctrine. Referring to the supposed zero line of rent-paying land, under the name of land on the MARGIN OF CULTIVATION, that is to say, land cultivated, but nevertheless incapable of paying any rent, he says: "But it is not necessary for the argument to suppose that there is any such land,"—adding in a note: "Those opponents of Ricardo's doctrine who have supposed that it has no application to places where all land pays a rent, have mistaken the nature of his argument." * Thus, we see that the Ricardian argument is defended on the ground that it is entirely independent of facts. If there are no facts which fit into the doctrine, such facts can at least be hypothetically assumed. And this hypothetical assumption is all that is needed for the "nature" of Ricardo's dogma. Because it must ever remain true that on the supposed existence of cultivated land incapable of affording any rent, all other land

* 'Principles,' p. 204.

which does afford some rent, would be measured in its amount of value, by its excess of produce over that zero line of rentless land. Professor Marshall is too modest in defence of the doctrine so explained, when he says it is independent of the existence of particular "places" where there is no rentless yet cultivated land. It is not only independent of all the facts connected with such "places," but it is equally independent of them as connected with all other places over the whole globe. It is a proposition irrespective both of place and time. It is one of those mathematical axioms which need no demonstration, since they belong to the region of pure and abstract truth, self-evidently clear. All over the world, and in all time, the measure in respect to quantity of any special quality in things, must always be the excess of it in those things over the quantity of it which exists in other things of the same kind, but which possess that quality either not at all, or only in some nominal degree. Thus, for example, if we are thinking of the quality of strength it would be true that the strength of a beam which will support a ton may be said to be its excess of strength over another beam which is just strong enough and no more to support its own weight. Or if we are thinking of the quality of sweetness, it would be true to say that the quantity of saccharine matter in the best sugar-cane is measured by the excess of such matter which it contains over some other plant which has a mere trace of sugar in its juices. A thousand other examples might be given. This scale of measurement is as universally applicable as it is useless when applied. As applied to rent or hire, as well as applied to other kinds of value, it tells us nothing. The hire of anything which is hired at all is, of course, measured by its excess of value over another thing of the same kind. Thus the pony or the donkey which a coster-monger may hire to draw his cart may be either a young and strong pony or donkey capable of much work, which well repays its keep and a considerable hire. Or it may be an old and feeble pony or donkey which just pays for its keep and no more, or so much more as to be a mere nominal amount for hire. In this case the value of the efficient pony or

donkey, and the hire the costermonger has to pay for it, may be said to be the excess of value of that animal over the value of the other animal which is so weak as to fetch no hiring value at all. But what is the use of saying this? What light does it throw on the cause and origin of the value of ponies and donkeys? None at all. And so of houses—the hire of any good and desirable house may be said to be exactly its excess of value over another house which is so bad, dilapitated, or otherwise undesirable, as to be unlettable except at a rent which is merely nominal. Of course all this may be said, but it is a saying which is utterly idle and senseless. Nevertheless it is a saying which is, in itself, true —true of all valuable things—true of them in all places, and at all times.

26. This is the best statement, as it is the best defence of the Ricardian Theory of Rent. But then it is a defence which consists in reducing its fundamental proposition to the level of an empty truism. It certainly presents that theory in a form which—when clearly apprehended—secures our immediate assent, whilst the emptiness of it is not so obvious at first sight. The definition is self-evidently true. I confess, for my own part, that it was the self-evident truth of this definition which for a long time completely deceived me, as it has deceived many others. It requires the closest examination to detect its real character as a useless truism. I am persuaded that to the self-evident character of this conception, is due the long reign which the Ricardian Theory of Rent has enjoyed in the acceptance of Economists. It is so easy and natural to suppose that there must be some land so poor, or so ill-situated, that nobody would ever seek to hire it, that it hardly occurs to us to question it as a fact. Then, it is seen to be most certainly true that the rent which is actually received from any other land must be measured by the excess of its value over that barren land which will fetch no rent at all.

27. Then again, from this definition it is the easiest thing in the world to take farther steps in the path of self-deception, without the slightest suspicion that there is any deception even

possible. Thus, to begin with, nothing can be easier than to fail in detecting the fact that this definition of Rent is a definition of it only as regards amount. It has no connection with anything except mere amount or quantity. Curiously enough, Fawcett saw this limitation on the nature of the theory, although he pursued that theory into all the illogical conclusions which rest entirely on a complete neglect of the bearing of that limitation. "Can we obtain," he asks, "an index to the amount of rent which land can afford to pay at any particular time?" * But this question is wholly different from the question, "Can we obtain any explanation of such a thing existing as Rent at all." Fawcett, therefore, starts his "short statement of the Ricardian Theory of Rent," by admitting unconsciously that it is no theory of origin at all, but only a formula as to amount; and this is the fact. Fawcett could not fail to see it, at least in passing, because no one has stated the Ricardian formula so nakedly as he. "Land," he says, "which is more productive, will pay a rent; and such rent must represent the difference in the value between this better land and that which is so barren that it can only pay a nominal rent." † Most obviously this is true, being, indeed, a self-evident proposition. But most obviously also it is a barren truth. It is no definition whatever of the origin, or cause, or source of Rent, but a definition only and solely of its measure in respect to quantity. It simply affirms that the rent of any given bit of land must be measured by the excess of its value over other land, the rent of which is *nil*, or only nominal. It assumes a zero line in the scale of lettable value, and quite logically, it measures the value of a field which does afford some rent, over the value of another field which affords none, by the number of degrees above the zero line to which the rent-bearing field may rise.

28. And here let it be noted that although the Ricardian definition is purely quantitative, it is not a definition which casts the least light on the laws by which rent is determined even in respect to quantity. It might be purely quantitative and yet of real value. It might indicate something of the

* 'Manual,' p. 114. † 'Manual,' p. 116.

laws governing the proportion of total produce to that part of it which must be paid as the price of hire. But the Ricardian definition does not even touch this question. It is quantitative without even indicating a single fact, or suggesting a single question, which helps us to solve any part of the problem which turns on quantity. But if we forget this limited character of the definition which seems so simple and attractive—if we imagine it to be a definition of Rent, not only as to its mere amount, but also as its origin and source—then we fall into the grossest fallacy without any consciousness of what we are doing. There happens to be one common English word which has two entirely distinct meanings, and one of these meanings makes it perfectly fitted as an instrument of confused thought, in farther developments of the Ricardian Theory of Rent. The word I refer to is the word "determine." One of its meanings is simply to ascertain a fact. We say that we have determined a fact when we have found it out to be a fact. Thus we say that Newton determined the laws of gravitation and determined also many of its effects. Thus again we say that Black determined the nature of carbonic acid gas, and that Harvey determined the circulation of the blood. This is the commonest sense in which the word determine is used in all the sciences. It means simply to ascertain. But the other meaning of the word is quite different. In this other sense it means to cause a fact. We may say that we determine the length of a rifle range when we fix what it shall be—whether two, three, five hundred, or a thousand yards. To "determine" in the last of these two senses is an act of will. To "determine" in the first of these two senses is an act of calculation. In the first of these senses, for example, we can "determine" the height of a tree, by calculating from the data of certain measurements of lines and angles on the surface of the ground. In the second of these senses we can "determine" the height of a pole by cutting it to a certain length, and then setting it up in an erect position. These two senses are totally different, and yet if the word is used in one of these senses when it is only applicable in the other, we may very

easily talk the wildest nonsense without noticing the fraud we are committing on our own intelligence. Of course, there are a great many cases in which the substitution of one of these senses for the other would suggest some idea so absurd that it could never occur to us even for a moment. Thus, for example, when we say that from certain data we can "determine" the distance of the sun or of one of the planets, there is no risk whatever that we should misunderstand ourselves or others, as saying that we can put those heavenly bodies nearer or farther off as we may please. But in all cases where we are speaking of things at all within, or even very near, the sphere of human will and action, there is a very great risk of confounding these two very different senses of the word "determine," and of making some assertion in the use of it, which may be true in one of its senses, but which is utterly untrue in the other.

29. Now, this is exactly what has happened with the famous Theory of Rent. The definition of Rent in respect to its amount or quantity, which has been above explained, makes it correct in one special and useless sense to say that the value of any rent-bearing bit of land is "determined" by the excess of that value over other bits of land, which stand at the zero line in respect to rent. That is to say, the word "determine" here means, to find out, to estimate, or to measure, by a calculation. But it would as much be pure nonsense to say that the land which stands at the zero line in respect to rent, "determines" what the rent of the more valuable shall be, in the sense of causing it to be what it is, as it would be to say that the strength of a beam only just enough to support its own weight, is the cause of the strength of another beam which will support a ton. To confuse between a mere means of calculation and an efficient cause—between some mere index of a fact and the cause of that fact—is the grossest of all possible fallacies. Yet this is exactly what may be involved, and has actually been involved, in the ambiguous use of the word "determine," in these two different senses. This is exactly what has been habitually and systematically done by Ricardo and his followers in their Theory of Rent. It is the same

fallacy as that into which we might fall, if we were to say, as we do often say, that the height of the mercury in the thermometer "determines" the heat of the atmosphere in which it stands, and if we should then use this form of speech in some sense which implies that the thermometer causes the heat to be what it is. Of course, this is one of the many cases among physical phenomena in which such an error is impossible, because the wrong meaning is so absurd that it can never even suggest itself to the mind. But in the far more complicated phenomena of economic causes, in which the human will is largely concerned, the confusion between the two senses of the word "determine," may easily pass, and has passed, wholly unobserved. Yet it is quite as absurd to say that Rent is caused or produced by the existence of rentless land, as to say that the heat of a room is caused by the height of the mercury above the zero point. It is a fallacy at once very gross and yet very subtle. It is seen to be very gross when once it is detected, but it must be most difficult of detection since it has remained so long unobserved. The grossness of it, indeed, is such, that when it first dawned upon me as the true explanation of almost everything that has been admitted to be weak, and is really radically wrong, in the Ricardian Theory of Rent, I hesitated to accept it as even a possible explanation of errors, which on other grounds I saw to be very broad, and felt to be very palpable. It seemed impossible that so many men of acute intellects could have been so deceived. Yet in tracking step by step the statements and the arguments of those who have undertaken to set forth, or to defend, or to excuse the Theory, I have always come back to the conviction that this confusion between the mere index of a fact, and the cause of that fact, is the head and centre of all other fallacies in the Theory of Rent. In this conviction I have been often reassured as to the possible blindness of economists generally, by remembering that striking sentence of Adam Smith in the first chapter of the fifth book of the 'Wealth of Nations' which I have already quoted, but which cannot be too often repeated: "Gross sophistry has scarcely ever had any influence upon the

opinions of mankind except in matters of philosophy and speculation; and in those it has frequently had the greatest."*

30. At last, however—and certainly not before the time—in one of the latest and most able contributions to Economic Science, Professor Marshall has, for a moment, hit upon this master fallacy of Ricardo's Theory in dealing with one particular illustration of it. Referring to the general doctrine or result of that Theory, that "rent does not enter into the expenses of production of agricultural produce," Professor Marshall has discovered that this result is not true unless these words be added, "taken as a whole." He has discovered that it is not true of any "one kind of agricultural produce considered separately." "For instance," he goes on to say, "the production of those oats which only just pay their way, (*i.e.* without also affording rent,) is often said to determine the price of all other oats; rent, it is agreed, does not enter into their cost of production, and therefore rent does not enter into the supply price of oats. But this is not strictly true. It is true that when we know what are the most unfavourable conditions under which oats are grown, we can calculate the supply price of oats by reckoning up their expenses of production, just as we could discover the temperature by looking at the thermometer. But as it would be misleading (!) to say that the height of the thermometer determines the temperature, so a great deal of confusion has arisen from saying simply that the normal value of oats is 'determined' by their production under the most unfavourable circumstances under which they are grown." †

31. But although Professor Marshall has here hit the blot, he has only just grazed it. His sword glances off again, and does not penetrate. He has caught the clue, but he does not follow it up. He neither traces it back to its source and origin, nor does he trace it onwards into its thousand consequences of ever deepening and expanding error. On the contrary, he so completely loses hold of the clue that he himself wanders again immediately from the path by admitting

* 'Wealth of Nations' (McCulloch's edition, 1843), p. 345.

† 'Principles of Economics,' 1890, vol. i. p. 487.

that the absurd conclusion, which he detects as a fallacy when applied to one particular kind of crop, becomes a truth when it is applied to all kinds of agricultural produce "taken as a whole." He is the only writer, so far as I have observed, who has detected the fallacy even so far; and yet he is so little conscious of its wide-spreading and far-reaching deceptive power, that he immediately falls back under its spell, and escapes again from the redeeming power of his own detection under the illogical plea that, what he sees clearly to be false as applied to each separate item in a long list of particulars, may nevertheless be admitted to be true when applied to the whole of those items when grouped together. According to this compromise of the doctrine in the common case of a farmer growing some wheat, and some oats, and some turnips, and some potatoes, it would be absurd to say that the cost of producing any one of these crops is determined or caused by the cost of its production on the worst bit of land on which it is actually grown; but it would be perfectly correct to say that the aggregate value of the whole produce of the farm is caused by the cost of production on the poorest bit of it. It is impossible to have a better proof than is afforded by this illogical distinction of the insidious nature of the fallacy, and of the difficulty of unravelling the "gross sophistry" (to use Adam Smith's words) on which it depends. What Professor Marshall sees to be erroneous as applied to each separate item of agricultural produce, is equally erroneous as applied to all the parts when "taken as a whole." It is well worth our while, therefore, to take up the clue which we may have discovered for ourselves, and which Professor Marshall thus picks up only for a moment, and then so unfortunately drops.

32. In the first place, then, it is to be noted that Ricardo starts his theory with a predisposition and preconception of the mind which specially exposes him to one great self-deception. He does not propound his definition of Rent as a definition of it, in respect only of its quantity or amount. Neither do his followers generally accept or even think of this limitation on its nature. On the contrary, they all represent it, and boast of it as a definition of rent in respect to its "source," its

"origin," and its "cause." McCulloch dwells upon this distinction emphatically and repeatedly. If Ricardians did not see it in this light they would hardly have made such a noise about it. If they had at all noticed the fact—with all its consequences—that it is a quantitative definition and nothing more, they must have seen also that it is not only true but a mere truism, applicable, not specially to rent, but to all other kinds of value. To blow the trumpets, as over a great discovery, over an announcement of the simple fact that the value of any article is to be measured by the excess of its value over some other article of the same kind, which has no value at all, would have been indeed absurd. Consequently, we see that all the followers and admirers of Ricardo proclaim his Theory loudly, as a Theory explaining the nature, cause, and origin of Rent, and not merely its amount in any one case as compared with others. Thus McCulloch, in one of his elaborate notes on the Wealth of Nations, disparages Adam Smith's chapter on Rent expressly on the ground that, "it hardly touches on the fundamental questions with respect to its origin, nature, and causes. Those theoretical principles," he says, "which had not been discovered by his predecessors, were not discovered by Dr. Smith. It was left to others to ascertain the causes of rent;" and then, significantly enough, he adds, "the laws which determine its amount."*

33. Here we see that collocation of these two very separate ideas which is always liable to pass into identification. Here we see the intellectual trap unconsciously set, and baited with the ambiguous word, "determine." Accordingly, he proceeds to expound the Ricardian Theory as fulfilling all the conditions of a theory, explaining the "nature and origin" of rent, which Adam Smith had not supplied. It is curious to observe in the same connection, the effect of individual habits of thought in different men upon the readiness with which they fall into this kind of trap. Jevons is caught at once, because he was specially a mathematician, and the purely quantitative elements in everything are naturally his attraction and delight. It is no objection to any theory in his eyes that it deals

* McCulloch's edition of the 'Wealth of Nations,' p. 444.

exclusively with questions of quantity or amount. The ascertainment of these constitute the familiar sense in which the mathematician always uses the word "determine." As a natural consequence, Jevons accepts at once the fundamental proposition of the far-famed Theory of Rent, because of this very fact, which he sees clearly enough, that it is a theory which deals with the quantitative relations of rent, and which thus enables him to clothe it in those algebraic formulas of expression which are his special hobby. Accordingly, he quotes and accepts as beyond dispute, the following definition of the Theory of Rent, borrowed from James Mill:—"Rent therefore, is the difference between the return yielded to that portion of the capital which is employed upon the land with the least effect (*i.e.* yielding no rent) and that which is yielded to all the other portions employed upon it with a greater effect" (*i.e.* with some yield of Rent). Then, Jevons says, with charming simplicity, "The accepted Theory of Rent, as given above, needs little or no alteration to adapt it to expression in mathematical symbols." The result of this adaptation is typical of the absolute limitation of his view to the quantitative aspect:—"Thus," he says, "with two prices of land the rent may be represented as

$$P_1 l + P_2 l_2 - (l_1 + l_2)\, P_1^1 l_1 ;$$

or, speaking generally of any number of prices, it is the sum of the *quantities* of the form P*l*., *minus* the sum of the *quantities* of the form *l*. P$^1$ *l*." *

34. Here, however, be it observed, we have an important advance made on the ambiguity of the word "determine." The expression "Rent IS" may mean either "is" in its own nature and source, or it may mean "is" in respect to quantity. Jevons evidently uses it (consciously at least) only in this last sense, because he says "Rent is—the sum." But obviously, the one sense passes easily into the other. "Rent is, in respect to its amount"—passes insensibly into "Rent is in respect to its origin and cause;" and, as a matter of fact, the substitution of the one sense for the other has been habitual

* 'Theory of Political Economy,' p. 218.

with all who, like McCulloch, accept the Ricardian theory as one which explains the "origin, nature, and causes of rent."

35. But we have not done yet with the power of ambiguous words in leading to the confusion of thought which confounds between the data by which Rent can be calculated in amount, and the causes which explain the existence of such a thing as rent at all. Other words besides "determine" and "is," take up the running, and play their part in fostering the same delusion. For example, the word "regulate" insinuates itself as a substitute for, or a synonym of "determine." And thus a great step farther in fallacious reasoning is at once taken, because no doubt, the word "regulate" is the true equivalent in meaning of one of the two senses of the word "determine;" but it is not an equivalent for the other. It is not incorrect to say that our knowledge of temperature is "regulated by" the thermometer: whilst on the other hand it would be nonsense to say that the temperature itself is "regulated by" the thermometer. The thermometer is a true cause as regards our knowledge of the facts of temperature; it is no cause whatever as regards those facts in themselves. It is a mere index of those facts, and nothing more. So in like manner, our knowledge, or estimate, of the rent of any given piece of land may be said to be "regulated by" any clear indications of the excess of its value over another piece of land which affords no rent at all. But it is pure nonsense to say that the rent of the better piece of land is "caused by" the comparative worthlessness of the other. Yet this—amazing as it may seem—is the nonsense actually implied by those numberless phrases in Ricardian writers which affirm Rent to be in its own "nature, origin and cause," the mere result and effect of the existence of land which can afford no rent whatever.

36. Then, there is still another word which has lent an immense help to the same confusion. That word is "surplus." Rent is, we are often told, a "surplus." This again, is a purely quantitative definition. Surplus is a word of quantity, and has no meaning except as expressing the relation between two quantities. It means the excess of some one quantity over

some other quantity, and nothing else. When, therefore, anything is said to be a "surplus" we must ask—surplus over what? When this question is asked of those who use the word in connection with the definition of Rent in the abstract, the only true reply would be, "we mean the surplus over one part of the cost of production when separated from another part." But this separation is purely arbitrary and artificial. The cost of securing the right of exclusive use, is an integral part of the total capital needed for production, being indeed the cost of the first requisite of all; and a surplus production over the other items of cost only, is no surplus at all. Professor Marshall confesses this with unconscious frankness when he says * that, "for most purposes it is best to regard the initial difficulties of coping with nature as pretty well conquered before we begin to reckon the farmer's cultivation." That is to say that "for most purposes" of argument and analysis on the economic explanation of land values, it is very convenient to eliminate altogether the whole cost of acquiring the right of exclusive use, and even, also, the whole cost of original reclamation—the first of which is always, and the second of which is almost always, the work of ownership. That is to say, it is convenient in estimating "surplus" produce to strike out of the account on the debit side the largest proportion of the capital employed, and to call that a "surplus" which is a surplus only over that portion of the capital which is generally the smallest, and is contributed by one only of the two partners in the concern. This may be a great convenience, no doubt; but it is a convenience only in the interests of self-deception. And this convenience is greatly helped by another of a like kind, namely, the habit—excused no doubt by a loose usage—of confining the word "cultivator" to one only of the two partners in the cultivation of land, namely, that one who defrays each season the cost of tillage only, but who does not defray any part of the cost of the right of exclusive use, and who, if he paid no rent, would therefore trade on the owner's capital out of which the whole of that cost has been met without paying any interest on the loan.

* 'Principles,' p. 206.

Rent, therefore, does not represent any "surplus" at all over the total costs of cultivation, but simply a return on that portion of those costs which is not contributed by the tenant or borrower, but by the owner or lender of the land. And this analysis which destroys the theoretical assumptions which represent rent as a "surplus" is more than confirmed by the well known fact that the rent of agricultural land almost everywhere, and especially in all long settled countries, such as our own, represents a very low percentage on the actual cost of acquisition, of reclamation and equipment.*

37. The truth is that when we hunt up to its source this fallacy of rent being a "surplus," we find that we track it into the same burrow as before—namely, the dictum that the rent of any particular bit of land is a "surplus" over the value of other bits which are assumed to be worth no rent at all. In this sense, it is, in amount, the height to which this particular index of value rises above an artificial and deceptive zero line. If this be a definition of the "cause and origin" of rent, then it must follow that rent would not exist at all if there were no zero line. It might have been expected that such a consequence as this, if it were seen to be really a consequence, would have startled the Ricardians, and made them reconsider their reasonings. Because it is exactly the same thing as to say that if there were no zero line in the thermometrical scale, there would and could be no such a thing as heat. It is surely, therefore, one of the most astonishing facts in the history of philosophy that this consequence is actually seen and is accepted as true by some followers of Ricardo, although the form in which it is stated is such as a good deal to conceal its nakedness. Thus, the first of four conclusions in which McCulloch sums up the Ricardian doctrine of rent is that if all land were equally rich, and capable of unlimited improvement, "there would be no such thing as rent." † This is quoted and

* Professor Marshall does formally admit this limitation of the meaning of the word "surplus" in the heading of the page (205): "The Cultivator's Surplus Produce." But this limitation is not allowed its due effect in the argument, because the owner is denied his share in "cultivation."

† McCulloch's edition of 'Wealth of Nations,' p. 447.

accepted by Jevons without a murmur or suspicion of error.* The only sort of even plausibility in this dogma lies in the idea that no man would hire land from another for agricultural purposes, if every man could get a bit of land, and if by unlimited outlay on his own land he could get an unlimited amount of produce.

38. The absurdity of this supposition cannot be better exposed than by expanding and explaining what it means in McCulloch's own words:—"Had land always yielded the same, or a greater proportioned return to every fresh outlay of capital and labour, the entire supply of food required by the most populous nation might, it is obvious, have been raised from ten acres, or even from one acre, as easily as from millions. In such a state of things, prices could not have risen, and rent must have been wholly unknown." † Possibly; but only as a good many other things would have been unknown also. The whole world would have been other than it is. If, on certain assumptions, one acre of land could be made as fruitful as millions, then on the same assumptions the market for labour would be smitten with the same paralysis as the market for farms. If the hands of one man, or of a few men, in possession of any one of the thousand instruments of production, could possibly turn out unlimited supplies, what would become of the rest of the producing population? It is impossible to follow all the consequences which would result from changing the whole constitution of nature, and from turning the whole world upside down. But one thing is clear, namely this—that there is no use discussing any theory about the "cause and origin" of anything now existing which turns upon the assumption of such impossible conceptions. The only assumed conditions which could abolish the existence of rent, or in other words could abolish the hiring value of land, are conditions which would equally abolish the purchasing value of it, and the purchasing value even of its produce. If all men could be provided with food with little exertion, from (say) an unlimited forest of self-sown bread-fruit trees or of bananas,

* 'Theory of Political Economy,' p. 213.

† McCulloch's 'Wealth of Nations,' note iii. p. 446.

and by an unlimited supply of animals which could be taken without strength, or skill, or trouble, then there might indeed be no hiring of land, but neither would there be any hiring of labour, nor of anything else. And thus we see that the whole edifice of these absurd assumptions and impossible suppositions is an edifice built up in order to establish in theory a zero line of value, which cannot be pointed out as existing anywhere in practice or in fact, and which, even in theory, never could exist except on assumptions which are impossible. Rent, in some form or another—that is to say, some price paid for the temporary right of exclusive use over land—is an universal fact, depending on the same laws of supply and demand which regulate the hire of every other thing. It appears often among the rudest pastoral tribes, as well as under the earliest conditions of sedentary settlement. And thus it comes about that, in order to support the ideal possibility of a zero line as to lettable value, the Ricardians are obliged to invent hypothetical conditions, which are as inconsistent with the whole order of nature as with the whole history of man.

39. All this may well seem a tedious discussion until the significance of its result comes out. It is always a tedious work to unravel the entanglements of loose thinking and of ambiguous language. But it is well worth the trouble when the lines of thought on a great subject come out clearly before us, and we are able to see distinctly at least the directions of enquiry in which they lie. Our work in this chapter has been strictly a preliminary work. It has been directed to show that the Ricardian Theory of Rent begins with, and rests upon, an incompetent and deceptive definition. It omits to notice everything that ought to be remembered; and it dwells exclusively upon a nominally quantitative relation which throws no light whatever even upon the true quantitative elements which are really important.

40. The importance of this analysis will emerge when we pursue the Ricardian fallacy into its consequent effects upon a much wider subject than any laborious theory about so simple a matter as a particular selected case of the natural and universal

law that men must pay for the exclusive use of things which are not their own. The very fact of any such theory being elaborated at all should put us on our guard. It is a fact which in itself implies some deep misunderstanding. It assumes some broad distinction which, as we have seen, does not exist. Above all, it implies some strange and complete forgetfulness of conditions which determine Possession in all its forms—conditions which, although not grossly palpable, are amongst the very first of the unseen foundations of society. But the tracking of Ricardian fallacies into this wider region must be pursued in another chapter.

## CHAPTER XI.

### THE PASSAGE OF THE RICARDIAN THEORY OF RENT INTO A GENERAL THEORY OF VALUE.

1. WE awake to a new, and to a very serious estimate of the "gross sophistry" of the Ricardian Theory of Rent, and of its extensive influence, when we find it opening out upon, and merging in, a corresponding Theory of Value. But of this close connection with fallacies affecting the fundamental principles of economic science there can be no doubt at all. The steps of consequence, which lead downwards from it, are steps which begin at once. If the place or rank of any given article in a given scale of values can be the cause of its price, and not a mere index of the price in respect to quantity—if the cheapest and most worthless article, or commodity which will yield no price at all, is the cause and origin of all the higher values which attach to other articles of the same kind—then this must be a general truth, and not a truth applicable only to the hire of land. The value of all things whatever, whether for hire or for purchase, is undoubtedly "determined," in the sense of being indicated in respect to quantity, by any scale which measures its excess or surplus value over other things which have no value at all. If, therefore, the higher values of things are all caused and originated by the existence of other things which are of less value, or of none, then this law of causation must be an universal truth, and the hiring value of land cannot possibly be the sole illustration of it. It must logically follow that all the products of industry, and industry itself as represented by wages, must owe their value, whatever it may be, to the existence, as its origin and cause, of other products similar in kind, which have little value or no

value at all. And if this be true, then the Ricardian theory ceases to be a theory applicable to rent of land alone, and becomes a theory applicable to everything that is sold and bought, or hired and lent, over the whole range of human industry. Everywhere, and at all times, the existence of poor and valueless commodities must be the cause, and the source, and the origin, of the very existence of things that have some higher value in different degrees. The value of everything that is an object of desire to men must be determined, not in the mere sense of being rendered calculable, but in the sense of being regulated and fixed, by the things that are not, or are scarcely, desirable at all. Moreover, this causation must affect the price of purchase as well as the price of hire, which are merely different kinds of the possession of valuable things.

2. Here again it might have been supposed that the extravagance of the conclusion would have glared upon those who were brought face to face with it, even as a momentary conception of the mind. But here again, as before, under the disguise of ambiguous speech, the conclusion is accepted, stated, and even laid down as an almost axiomatic truth. Ricardo himself asserts it broadly, for, in his chapter on Rent, after asserting the doctrine as applied to agricultural rent, he proceeds thus :—"The exchangeable value of ALL COMMODITIES, whether they be manufactured, or the produce of mines, or the produce of land, is ALWAYS REGULATED, not by the less quantity of labour that will suffice for their production under circumstances highly favourable and exclusively enjoyed by those who have peculiar facilities of production ; but by the greater quantity of labour necessarily bestowed on their production by those who have no such facilities ; *by those who continue to produce them under the most unfavourable circumstances.*"* There is a great deal of "surplus" verbiage in this sentence, because the form of it is "regulated by" the desire to make the statement of a general truth as suggestive as possible of the conditions on which its verity is supposed to depend. But the upshot of the words is to express the thought that the value of all commodities whatever, whether for sale or hire,

* 'Ricardo's Works' (McCulloch, 1881), p. 37.

is "regulated by" the price at which it can be produced and sold at the very lowest profit which will induce men to produce it at all. This is perfectly true if the words "regulated by" are understood to mean "calculable by." But it is a gross fallacy if the words "regulated by" are understood as "caused by."

3. Before, however, proceeding to show further how gross this fallacy is, let us in the first place take note of it simply as a fact—that Ricardo admits the doctrine to be one of universal application, and to be no more true of the rent of land than of value in any other shape or form. If this be so, the doctrine ought no longer to be treated as, or called a "Theory of Rent" but a "Theory of Value;" and all arguments, and forms of statement which represent it as establishing some great fundamental distinction between the price paid for the hire of land, and the price paid for either the hire or the purchase of anything else, must be pure delusions. And it is all the more important to note this fact, because of the further fact that Ricardo himself, in spite of his own formal admission, and indeed his volunteered assertion, that the doctrine of his theory applies to the value of "all exchangeable commodities," immediately relapses into the assumption that it has some special connection with the rent of land, because land is "pre-eminent for its limited powers."* The idea seems to be that being so pre-eminent in respect to its exhaustibility, it must sooner and more easily than other things, afford that Zero line of value which, according to the theory, is the grand and efficient cause of anything ever raising its head above it.

4. Such a desperate tenacity of error, therefore, demands, and will well repay, some further examination and analysis. For this purpose we may best approach the dogma from that fresh point of view which opens before us when we look to its historical origin. It is now generally known that what is called the Theory of Rent did not originate with Ricardo, in so far that one of its fundamental ideas was first clearly expressed by an older writer on economic subjects in Scotland, a certain Dr. James Anderson, whose name and works, though

* 'Ricardo's Works' (McCulloch, 1881), p. 39.

familiar in the latter half of the last century, are now comparatively unknown. Jevons goes the length of saying that the theory of rent was "discovered" * by this older writer. But this, under the form of a compliment, does in reality a great injustice to Dr. Anderson, since he is responsible only for the few elements of truth which do really exist in the theory of Ricardo, and not at all, or only in a remote degree, for the fallacious superstructure which Ricardo built up upon them. It is a matter, therefore, of great interest to follow the "historical method," and to observe the circumstances and the connections of thought which led Dr. Anderson to the views which he first brought into prominence upon the subject of agricultural rent.

5. Dr. Anderson was a farmer, and the son of a farmer, born in Midlothian in 1739. This was one of the parts of Scotland in which scientific agriculture began, and both the father and the son were of that class of tenants, which, in partnership and co-operation with an improving generation of owners, was one of the great instruments in raising the condition of the whole of Scotland from great poverty to rapidly increasing prosperity and wealth. His father died when he was very young, but he was educated by a guardian to take up his father's farm. From this he afterwards removed to the county of Aberdeen, which was then another great centre of agricultural improvement. He very early developed a great taste, and an equal aptitude for chemistry, and other collateral sciences connected with it. Above all, he developed an enquiring, observing, and original mind—that greatest of all the "instruments of production," and the most obvious and undeniable of all the cases in which the right of exclusive use is the source and origin of the most widely distributed benefits to mankind. When thirty-two years of age he began to write, and became more and more devoted to the miscellaneous literature of applied science, till his death in 1808. The University of Aberdeen conferred upon him an honorary degree. His writings justly enjoyed a wide reputation. A publication called 'Anderson's Recreations,' edited and largely written

* 'Principles,' p. 210.

by him, containing papers and essays on a great variety of subjects, was a favourite book in Scotland in the earlier years of the present century. As a contemporary of Adam Smith, he was, of course, familiar with the discussions which produced and followed his great work; whilst on all questions affecting agriculture he had the immense advantage of that practical knowledge of farming under the conditions of free contract, which has been conspicuously absent from the writings of all speculative economists. In one of his papers, a short essay 'On the Art of Reasoning,' published in 1802, he has left curious evidence how deeply he was impressed with the same truth which, as we have seen, had been expressed twenty-six years before by Adam Smith as to the "gross sophistry," by which men deceived themselves and others in all branches of speculative philosophy. "I know nothing," says Dr. Anderson, "that is so fallacious as human reasoning —this reflection has been suggested to me by attending to the conversation that too often occurs in public and private companies at the present moment respecting the price of grain, the deficiency of the crop, the causes of these evils, and the means of remedying them. To these discourses I have often listened with a silent astonishment; an astonishment sometimes mixed with pity, when I found men of considerable talents in other respects, talking like lunatics on the particular subject of this craze, and uttering the most extravagant nonsense, though on other topics they discovered themselves to be reasonable men. Long was it before I could account for this kind of partial insanity." *

6. It had been twenty-five years before this date that, in 1777, he published that 'Inquiry into the Nature of the Corn Laws' on which his fame now rests, because of its alleged complete anticipation of the later Ricardian Theory of Rent. As such the late Lord Overstone reprinted, in 1859, an extract from it in his 'Select Collection of Scarce and Valuable Economic Tracts' which was edited by McCulloch. Now, it is a curious and significant fact that to this reprinted extract, McCulloch found it necessary to give a title of his own, which expresses

* 'Anderson's Recreations,' vol. iv. p. 220.

his own gloss upon its meaning and effect, and gives no indication whatever of the intention of the author, or of the nature of the argument with which historically it was connected in his mind. The extract is headed 'Anderson on the Origin of Rent.' But Anderson had not so called his own publication, but only an 'Inquiry into the Nature of the Corn Laws'—which of course is a cognate subject, but has no exclusive or necessary connection with the 'Origin of Rent.'

7. Accordingly, on turning to Dr. Anderson's argument we find it entirely directed to expose one of those cases in which he said he had heard men "talking like lunatics about the price of grain," and other like topics. The particular "craze" with which he sets himself to attack and expose, was the notion that the high price of grain then prevalent was caused by, or was an effect of, high rents. And this delusion seems to have been then so common, that he speaks of it as "popular." "I foresee here," he says, "a popular objection. It will be said that the price (paid) to the farmer is so high only on account of the high rents and avaricious extortions of proprietors. 'Lower (say they) your rents, and the farmer will be able to afford his grain cheaper to the consumer.'" After pointing out in general terms the absurdity of blaming landowners for accepting "as high a rent for their land as is offered to them," he next asks the question whether merchants or manufacturers did otherwise, and if they did not do otherwise, "surely it was with a bad grace that they would blame gentlemen for accepting such a rent for their land as farmers, who are supposed always to understand the value of it, shall choose to offer them."

8. In this preliminary passage we see at once that Dr. Anderson regards the price of land, whether for purchase or for hire, as governed by the same economic laws as the price for the purchase or the hire for any other article whatever. He assumes that the price of hire, in the case of land, is regulated by the price which the hirer thinks it worth to him; and then he proceeds to show how that price, like the hire of all other things, must be governed by the value of the produce. He regards land as what it is, simply a food-producing machine,

and he proceeds to show how it is that the value of the machine must depend on the value of that which it produces. He then goes on farther to show how and why it is, that even if land-owners did offer their land below the rents freely offered for it, this concession on their part would not have the smallest effect in lowering the price of grain to the consumer, but would simply transfer to the hirer, or tenant, a larger share of the value of the total produce than that hirer himself was willing to accept as a sufficient return.

9. It is in the conduct of this argument that he enunciates the propositions, and advances the illustrations which are supposed to be identical with the Ricardian Theory of Rent—and which, misinterpreted and misapplied, have no doubt been made the basis of all that vitiates that theory, and has made it confessedly so useless for all practical purposes. The conclusion of Dr. Anderson's whole argument is this:—"It is not the rent of the land that determines the price of its produce, but it is the price of that produce which determines the rent of the land." This is the proposition and the truth which was fatal to the popular but ignorant notion which he was dealing with, and therefore it is the truth on which he was led to dwell with emphasis. It is, however, a delusion to affirm that this proposition was any discovery of Dr. Anderson's. 'The Wealth of Nations' had been published in the previous year, 1776; and in that work the same proposition was expressly affirmed by Adam Smith. "High or low rent is the effect of high or low price" (of produce).* The truth is, that neither Adam Smith nor Dr. Anderson propound this doctrine as any novelty or discovery at all. Both of them simply assert it as a notorious fact in the every-day transaction of the letting of farms. It needed no argument or proof. They saw, and all other men could see, that the rents offered by those who wished to hire land varied according to their expectations of profit; which expectations were founded, as a matter of course, on the prevailing prices of agricultural produce. When Dr. Anderson therefore again asserted that "the price of produce determines the rent of land," he was simply adverting to an obvious fact.

* 'Wealth of Nations,' book i. chap. xi., p. 67.

The assertion is indisputably true ; and it is true in the highest of the two senses of the word "determine." It is the price of produce which causes the rent to be, in amount, whatever it is. It is the price of produce which not merely indicates what the rent is—or which may enable us to calculate what the rent may be—but it is the price of produce which does really regulate the rent, in the full sense of governing both its existence and amount.

10. The steps of the reasoning which Dr. Anderson follows in trying to bring this home to the understanding of the "lunatics" who thought that the price of the hire of the land was the cause of the price of its produce, were steps which led him to point out that land is a producing machine whose productive power varies in each particular sample. Some bits of land are producing machines of great power, and very easy to work. Other bits of land are machines of less power, and much more hard to work. Nature, as it were, has turned them out of her workshop in an immense variety of comparative perfection and imperfection. And although man can do, and has done, much towards remedying the defects of the inferior machines, he has only done it, and can only do it by the expenditure of more labour, both of hand and brain, than is needed to work the better class of machine. The next step in the reasoning is to point out that there are some of these machines which are so bad that they cannot be made to yield at all some particular kinds of agricultural produce. Some of them will turn out wheat with comparative ease, whilst others will only turn it out if the machine is largely reconstructed or reinforced by the labour and ingenuity of the men who work it. There are other specimens of the land-machine which will not turn out wheat at all except in quantities, and of qualities, the price of which will not repay the outlay. But these same weak and defective machines which thus fail in turning out wheat, are often able to turn out oats. These machines, again, are of similar variety—some turning out this particular crop easily, others turning it out only by dint of more than proportionate labour. Once more, some specimens of the land-machine may be useless for growing oats or any

other cereal, but yet may be good enough to produce by pasture mutton, and beef, and wool, and hides.

11. Now, here we come close to the logical trap into which the Ricardian economists have fallen, but into which Dr. Anderson did not fall. It is a trap, however, into which it needs a very careful watching of his footsteps to enable those who follow him to avoid falling. He does indeed point out that, in this scale of comparative badness and excellence in the producing machines, there must be some point or line below which they become useless for the purpose of turning out some particular kind of produce. As regards that particular kind of produce, therefore, these particular machines stand at a zero line of value. Consequently nobody could find it worth his while to hire them for growing that particular crop. In other words, they would afford no rent for that special use, because rent is merely a name for the price of hire. Now, the trap lies in not seeing the strict limitations within which alone this proposition has any truth. That truth depends entirely on the application of it being confined to the production of some one particular kind of produce. It ceases to be true the moment it is extended to all kinds of produce, for the plain reason that Nature turns out no soil-machines that are utterly useless for all agricultural purposes whatever. The subtlety of the trap lies, as in many other cases, in the ambiguities of language. It lies in passing from the general word "produce" to some particular kind of it, such as "corn." Dr. Anderson saw the fallacy and the danger, and he avoided it by the express use of an alternative word which defines the sense in which alone he meant to apply the word "produce," as regards the valuelessness of any land for hire. The word he substitutes for "produce" is the word "corn." This word is indeed often used by the older economists as including all human food—just as "bread" is similarly used in the English of the Bible. But this is not the wide colloquial sense in which Anderson uses the word "corn." In Scotland, this is the word commonly used for all kinds of grain, without distinction between different kinds. It includes wheat, and oats, and barley, and rye, and bere; and it would include any

other kind of grain which might be introduced. It means, in short, all produce which is known generically as the "cereals." Now, Dr. Anderson expressly limits his supposition of the conceivable existence of rentless land to the case of land yielding not only "corn" in general, but "oatmeal" in particular. The immediate effect of this limitation, is to make that supposition applicable to arable land alone, and even to arable land when applied to the production of one very special kind of crop. He does not say, as Ricardians say, either that there must be, or that there ever actually is, any soil-machine which it cannot be worth any man's while to hire at all. What he does say is, that if there be any such machines that will not produce "oatmeal," except at a cost too low to repay the hirer, then that machine will not be hired at all by any man for the purpose of growing oats. And so careful is Dr. Anderson to avoid the assumption, which, as a Scotch farmer, he must have known to be devoid of any foundation in fact, that there is any land so utterly worthless as to be unlettable altogether, that he inserts words expressly to exclude this interpretation of his argument. "So that," he says, "*if there were no other produce of the fields that could be reared at a smaller expense than corn*, the farmer could afford no rent whatever to the proprietor for them." *

12. This is a totally different proposition from that which asserts that in the nature of things there must be some land which affords no rent at all. It is still more different from the farther proposition that the existence of such land is the source and origin of all rent. Anderson's proposition is evidently true. The developed Ricardian propositions are, or ought to be, as evidently erroneous. It ought to be clear enough to every intelligence that, just as in practice it is a matter of fact that all soil-machines do turn out some produce, however little or however poor, so also, as a matter both of reasoning and of fact, there must be some purposes for which, sooner or later, some men will find it worth their while to hire them. There is therefore no zero line in the price of hire for soil-machines except the line of absolute sterility; and in nature no such

* 'Select Collection,' p. 323.

thing exists as a soil-machine which is absolutely sterile, except bare rock, and land covered with water. Even "desert sands" are, in many cases, soil-machines which can be set in motion by the mere application of water, and when so set in motion their "potential energies," or powers of producing, begin instantly to work.

13. But the fallacy of confounding between land unlettable for the purpose of producing oats, or any other particular crop, and land unlettable for producing anything at all, is not the only pitfall which Dr. Anderson carefully avoids, and into which those who profess to follow him tumble headlong. He does, indeed, speak of the "cost of cultivating" as one of the factors in the production of his typical crop of oats, and his use of the expression does often imply that he was thinking chiefly of that part of the total cost which the hirer or tenant supplied irrespective of the special item of the cost of his right of exclusive use. But he does not enter into any definition or analysis of all the separate items which must be included in the total cost. This is a wider question which it was not in his mind to discuss. It was irrelevant to his argument. For his purpose he did not need to ask whether the cost of hiring a machine could be excluded from the total cost of its produce. But if anybody had suggested such a question to him, we can see clearly enough what his answer must have been. His whole argument assumed as a notorious and universal fact that all soil-machines had some owner or owners, and that the right of the exclusive use of these machines could not be got by other men for nothing. If the owners could get no price for the hire of them, for the purpose of producing oats, they would get some hire for them for the purpose of producing some inferior grain, or of producing only either the natural, or certain artificial grasses But, in all cases, the cost of hire would have to be included in the total cost of whatever the produce might happen to be. No soil-machine, therefore, could ever continue to be so cultivated as to yield no rent at all. The owner would withdraw it from that kind of cultivation, and devote it to some other kind of cultivation in which that one item of the cost of hire would not be swamped and

extinguished by other items which go to make up the total. His whole argument turns upon the fact that if the other items of cost are heavy beyond a certain point, this additional item could only be afforded by a change in the kind of produce. It does not turn in any way upon any assumption that the hire is not an item in the cost of working. On the contrary, his argument turns on the assumption that it is so essentially a part of the total cost that, under certain conditions, it may, and often does, make that cost excessive, and compels the land to be employed on some less expensive crop.

14. On the other hand, Dr. Anderson shows clearly how it is that if we know as a fact, in regard to any piece of oat-bearing land, that it is cultivated with sufficient profit to induce a continuance of this particular use—and if we know what the other items of cost amount to—and if we know also the price which the hirer of the land has actually found himself able to pay—then we can calculate or "determine" what (at the least) the minimum price of the oats must be. Accordingly, Dr. Anderson specifies a certain scale of prices for oats, in which each rise above, or fall below a certain hinging average, would indicate that different pieces of land of different qualities must become unlettable, or, on the contrary, easily lettable for the growth of that kind of grain. This scale of prices would enable us to draw a zero line of rent for those pieces of land, according as a hirer could or could not afford to pay for the hire of it, as well as for other items of cost. In this sense it would be perfectly consistent with his argument to say that the known rent, together with other known expenses, "determines" the price of the produce. That is to say, these data of calculation would enable us to determine or estimate what the value of oats must be, to yield a profit at all—just as corresponding data enable us to "determine" what the height of a tree or of a hill must be, to afford certain angles of elevation. He shows, too, how with every increase in the price of oats, poorer and poorer oat-producing acres would be devoted to the cultivation of that particular crop, because it would pay all costs, including the cost of hire. The upshot of his whole argument is

expressed as follows :—"Thus it appears that rents are not at all arbitrary, but depend on the market-price of grain ; which in its turn depends on the effective demand there is for it, and the fertility of the soil in the district where it is raised, so that the lowering of rents alone could never have the effect of rendering grain cheaper."*

15. It will be seen at once that this conclusion is a very different conclusion indeed from that which is the central proposition of the Ricardian Theory of Rent—the proposition, namely, that rent, or the price paid for the hire of agricultural land, is no part of the cost of its productions. If this be true, it certainly was not discovered by Dr. Anderson. He does not say so ; and the contention can only be that this conclusion follows as a necessary consequence of that which he does say, and of that which he does establish. But this is not true. What he does say is that the rent of agricultural land is the result and not the cause of the value of that produce. The Ricardian notion seems to be that rent, having been proved to be the effect of the price of produce, cannot possibly have also anything to do with that price as a cause. The argument seems to be that any given thing cannot be at once a cause and an effect of another thing—in short, that the relation of cause and effect is not capable of interaction and interchange.

16. Here we have come upon a desperate, because a deep-seated fallacy. That any given thing cannot be both a consequence and a cause of another given thing, is a very common and a very plausible idea ; but it is quite erroneous. It is a proposition, indeed, contradicted by all the sciences, and is especially false in respect to economic science. So false, indeed, is it that the very opposite may almost be said to be an universal truth. It is notorious that high prices are the inducement to, and the cause of, increased production ; but it is equally notorious that the increased production at once reacts upon the prices, so that the new scale of prices becomes in its turn not an effect but a cause. And so on for ever, in all things. The indissoluble tie between action and reaction is one of the fundamental facts or laws of nature. The great physical forces of heat, light, electricity, and chemical action, are all so closely

* 'Select Collection,' p. 325.

related to each other by what is called "convertibility," that they may be alternately regarded as the causes and effects of each other. Heat sets up chemical action, and most visibly is often the source and cause of that action. But chemical action not less certainly sets up heat, and powerfully reacts upon that which may have evoked itself, that is to say upon its own cause. Our own digestive apparatus is the source and cause of that assimilative work which is the physical basis of life. But not less certainly is life the basis and the cause of the assimilative apparatus and of all its work. Again—to come nearer to our own subject—labour may be said to be the source and cause of all agricultural crops. But agricultural crops, which include all human food, are again in their turn certainly one of the main causes and sources of all labour. Again, let us take the case of capital. Capital is the result or effect of labour—labour of the mind, and labour of the hands. Yet most certainly and conspicuously is capital, in its turn, the powerful source and origin of fresh labour of the hands, and fresh labour of the brain. The fallacious aspect of the impossibility of this kind of interaction between cause and effect, is due greatly to the minuteness and invisibility of reaction in each case. Each particular act of work and of saving may be strictly the cause and origin of a corresponding sum of capital, and in this case it is most certainly true that this particular sum of capital can never be also the origin and cause of the work which produced itself. But when we pass from one particular act of work, to the effects of work in general, then the impossibility of interchangeable relations of cause and effect disappears altogether. Indeed, the continuity of causation demands the interchange as an universal law. Hence, although the rent of a particular farm can never be the determining cause of the price of its produce—the reactive effect, in each case, being infinitesimally small—yet the total of rent everywhere may well be, as it certainly is, an element in the cost of produce generally. *

* Professor Marshall denies that Rent is one of the 'mutually determining elements' having reactive effects upon each other. But he gives no reasons, and the denial is evidently erroneous.—'Principles,' Ch. iii. p. 559.

17. In this distinction we can see the answer to one illustration of the doctrine taught by Dr. Anderson, that rent is universally the effect and never in any degree the cause of the price of produce. That illustration is one which long commended itself to me as an obvious confirmation of that doctrine—namely this, that if a landowner were to remit altogether the rent of any one or more of his tenants, there is not the slightest reason to suppose that they would sell the produce of their farms at prices one farthing below the market rate. That they would not do so, and that they did not do so in each individual case of such remission, I knew to be a fact. This is certainly true, and at first sight it seems to be a proof and illustration of the doctrine that the payment or non-payment of rent has no effect on the market price of values. But all that it really does prove or illustrate is that the market value of produce can only be sensibly affected by the cost of production over wide areas of supply, and therefore that the contribution towards that cost made by a few individual farms is as nothing in determining market values. Moreover, the fact that a rent-free farmer would certainly charge as much as he could get in the market for his produce, demonstrably is no proof that rent was not part of his cost of production, for this can be shown by applying the same illustration to any other acknowledged item in that cost. If the owner of a farm were to pay all the wages of labour for any year as a boon to some favoured tenant, that tenant would equally sell his produce at the highest market values, and would not make one penny of abatement of those prices to consumers, merely because part of the cost of his production had been defrayed for him by another man. Yet nobody would contend that his conduct in so doing disproves the fact that the wages of labour is part of his costs of production. In both cases the market values of produce are obviously determined by the relation between demand and supply ; and the cost of production is only one of the elements in this relation, and is an element, moreover, which must be taken over wide areas of country. Indirectly, and by circuitous interactions of cause and of effect, the cessation of rent would, in the long run,

affect prices by destroying the return which is due to exertions and risks, which have been historically in every country in the world the indispensable condition of all production. This destruction of initiatory motive among those who seek to possess, and to improve, and equip, land as an investment, would, if it could possibly endure, fatally limit, and might ultimately destroy, production, and thus lead to scarcity and famine. But this reactive effect of rent, or of no rent, upon the price of produce, is the result of intermediate links of causation, and no more casts doubt upon the immediate and direct relations between rent and the price of produce than it casts upon the reactive influences of cause and effect in a thousand other cases of the same kind. The total remission of rent would be the sacrifice of all the interest which is due upon the largest of the two great capitals invested in the business of production ; and in that business it would have exactly the same destructive effect as a similar sacrifice in respect to the returns on capital invested in any other business.

18. The truth is, that the constant interaction of cause and effect which is conspicuous in physics, is infinitely more complex, intimate, and ubiquitous, in all the phenomena of human life and action, which are the special domain of economic science than in any other science whatever. It is above all others, a science which deals not with things in themselves, but in the relations of things—relations of inexhaustible variety, in which the great law of action and reaction, and of mutual influence acting in the invisible sphere of motive, is the special matter of investigation. It cannot be denied that in the particular case with which we are now dealing, the assertion that the cost of hiring the crop-producing machine forms no part of the total cost of its production, is a violent paradox. It is no defence whatever of this paradox to assert or to prove that the value of the product reacts so directly and so powerfully on the hire of the machine, as to be practically the causative or determining element in the amount of that hire. This may be perfectly true, and this alone is what Anderson was thinking of, and which he undertook to prove. But the paradox to which Ricardo pushed the doctrine,

is that there is and can be no reaction, that the cost of hire of land cannot in any way, or in any degree, enter even as an element into the total cost of its produce. For it is important to note the extreme and absolute terms in which Ricardo himself expresses the doctrine; thus, speaking of corn, he says, "Rent does not and cannot enter in the least degree as a component part of its price.*

19. We have only to apply the same doctrine to any of the other items of expense to which the farmer is put in working his hired machine. It is just as true of the hire of human labour that the amount of it is determined by the value of the produce. If that value does not afford wages, no wages will be paid. Jevons came to see this to be true, although he was led to see it through another process of reasoning. When he did see it he spoke of it as a consequence which to him was "rather startling." But when he did see it he saw also that "we are forced to admit that rates of wages are governed by the same formal laws as rents." Moreover, as a result, he saw—what to him was "still more startling"—that "so far as cost of production regulates the values of commodities, wages must enter into the calculation on exactly the same footing as rent." † The same reasoning exactly applies to the hire of horses. The price of that hire is determined by the value of the produce, inasmuch as that value, if too low to afford horse hire, will react upon the cost of horses, by diminishing the demand. There is, therefore, no necessary or logical connection whatever between Anderson's doctrine that agricultural rent is normally and proximately determined in respect to amount by the ruling prices of its produce in each locality, and Ricardo's abstract and universal doctrine that the hiring price of land is not, even "in the least degree," an element in those prices.

20. It is interesting to note how it was, and why it was, that the perception of these truths came upon Jevons as a startling surprise. It was because he had been brought up, like others of his generation, under the passive acceptance of the Ricardian dogma. He confesses this when he contrasts his new and

* 'Ricardo's Works,' p. 40. † Jevons. Preface, p. xlvi.

surprising conviction that rent and wages must both enter into the price of commodities "on exactly the same footing," with the opposite doctrine which he had been taught. "Now," he says, "it is a prime point of the Ricardian doctrines that rent does not enter into cost of production. As J. S. Mill says, "Rent therefore forms no part of the cost of production which determines the value of agricultural produce." Rent, in fact, is represented as the effect, not the cause, of high value; wages, on the contrary, are treated as the cause, not the effect. But if rent and wages be really phenomena subject to the same formal laws, this opposite relation to value must involve error.* Accordingly, Jevons proceeds to fortify his new rebellious position by excellent reasoning. As the result of it he reiterates his conclusion in the most emphatic language. "Thus," he says, "wages are clearly the effect, not the cause, of the value of produce." And again, "Thus the parallelism between the theories of rent and wages is seen to be perfect in theory, however different it may appear to be in the details of application." †

21. But the fallacies of the Ricardian Theory of Rent are inexhaustible. The central idea of it is not so much one fallacy as a knot of fallacies—what physiologists might call a plexus —which it needs the greatest patience and the most nimble analytical fingers to unravel. With a few little nuclei of half truths, scattered in its substance, it is like a few fragments of iron decaying in the mud at the bottom of a sea, which in their decay collect and cement and harden around themselves the most heterogeneous materials, so that the mass becomes a closely compacted conglomerate which looks solid and resists disintegration. Thus there is another dogma of the whole school of orthodox economists, that all price or value depends on the cost of production. The untruth of this dogma has now come to be generally acknowledged. Jevons reckons "the Cost of Production doctrine of Value" among the number of the "misleading or false Ricardian doctrines" from which we must cast ourselves free." ‡ But its effect on the mind of

* Jevons' 'Theory,' &c. Preface, p. xlvii.
† Ibid. p. xlix. ‡ Ibid. p. xliv.

Ricardo in bolstering him up in this Theory of Rent, is obvious enough. The connection of ideas may be stated thus :—"The value of corn, like the value of everything else, is measured by the cost of production ; but we have seen that rent is not even an element in the cost of agricultural production ; therefore it can be no element in the price of corn." It would be difficult to put any argument into an apparently syllogistic form which is so fallacious as this. The first paragraph is untrue, and the second is untrue also. It is not true that the cost of production is always the measure of value. It is generally an element in value : sometimes it is the determining element. But very often also it is a very subordinate element, and it is sometimes expelled altogether from any influence by other elements of greater power. No amount of cost in the production of an article which is not desired, or is little desired by other men, will confer any value upon it. The enormous cost of the *Great Eastern*, for example, conferred so little value on that great steamship that she was ultimately sold for old iron, and other waste materials. This, no doubt, was an extreme case ; but it illustrates an universal truth that the cost of production as an element in value is entirely subordinate to that other great element—demand. Then the second limb of the pretended syllogism is equally erroneous, because, as we have seen, the price of the hire of the right of exclusive use of land must be as indisputably an item in the total cost of its produce, as the hire of men, or as the hire of horses, or as the hire of implements.

22. We must now return, however, to that by-path of thought through which Ricardo passed when he saw and avowed the indiscriminate applicability of his doctrine, not only to the price paid for the hire of land, but also to the price paid for all articles whatever—to "the exchangeable value of all commodities," whether raw produce or manufactured articles. That value he asserts to be always "regulated by" the price at which any given article can be, and is actually turned out, or produced by the worst and most expensive agency concerned in the work.

23. When this proposition is thoroughly understood in the

ordinary, and only true sense of the words employed, it must come home to us as a proposition not only erroneous, but so absolutely the reverse of the truth, that it is truly astonishing how it could ever have been asserted, and still more astonishing that it should have been long heralded and so blindly repeated as an important and far-reaching principle in economic science. This is a phenomenon which deserves a close examination ; and such an examination can only be made by tracing clearly the connection of ideas from which it has arisen. Among the many writers who have undertaken to express and to explain the proposition, perhaps J. S. Mill has put it in the clearest form, although in his explanation, as in all the others, it is obscured by the use of words with ambiguous meanings. It is well, therefore, to put the idea into the most plausible form possible ; and for this purpose it is best to take the commodity of corn, to which it is always specially applied, and to take the actual figures of the corn trade in England as they stood before the great war with France, and as they were affected during it. The idea, then, may be stated thus :—A certain quantity of corn is needed to feed a certain population. That corn is supplied or produced by the agricultural classes at the price of, say, 60*s.* per quarter. Population increases, and is supposed to have no access to any external sources of supply. With the increase of population the demand for food will raise the price of corn until it reaches, say, 80*s.* per quarter. But at this higher price the agriculturists will find it worth their while to reclaim poorer land, and to convert pasture into arable. The new supply of corn derived from this poorer land will be part of the total supply needed for the increased population. But the new supply cannot be produced at any profit unless the price keeps up to the 80*s.*, which was the inducement to it. The old portion of the supply from more fertile land might have been produced cheaper ; but this new portion cannot be produced any cheaper. And as there cannot be two prices in the same market for the same article, it follows that the price needed to remunerate the poorest cultivation must "determine" or regulate the

price of the whole supply. The corn which might quite easily have been profitably produced on the old fertile land at 60*s.*, will now fetch 80*s.*; and therefore we see, and we may say, that this high price of 80*s.* is caused by the greater cost of cultivating the poorest land which contributes any part, however small, to an indispensable total of supply.

24. This is the argument, as clearly as I can put it, which Mill uses in expounding the doctrine.* He summarises it thus :— "If the production of any, even the smallest, portion of the supply, requires, as a necessary condition, a certain price, that price will be obtained for all the rest. We are not able to buy one loaf cheaper than another because the corn from which it was made, being grown on a richer soil, has cost less to the grower. The value, therefore, of an article is determined by the cost of that portion of the supply which is produced and brought to market at the greatest cost. This is the law of value (of the class of commodities to which agricultural produce belongs, those, namely, which have not one but several costs of production)."

25. That there is a sort of puzzling plausibility about the first aspect of this argument, is proved by the bare fact that it has been so widely accepted, and so often repeated. But it is almost an insane plausibility when we cross-question ourselves as to the confusions of thought which alone can tempt us to accept it. In the first place it is obvious, the moment we come to think about it, that in the case supposed of a great rise in the price of corn from a limited area of supply, that rise must have preceded, and cannot have been caused by, the more costly cultivation needed to give the additional supply. As a matter of fact the gradual rise in the price of corn from an average of 60*s.* or 63*s.* to 80*s.* per quarter before the close of the great war, was a rise which had been established before the new and costly reclamations had been undertaken. The high prices were visibly and notoriously the cause and not the effect of the reclamations. The new supply tended of necessity to check the rise, and not to aggravate it. It is a glaring

* 'Principles,' book iii. chap. v. § 1.

inconsistency in Ricardians to make it a leading point in their Theory that prices of produce determine or cause the rates of hire, and then to turn round and assert that in the particular case of reclamation and of a consequent rise of rent on poor land, that rise of rent is the cause of the high prices of produce on which it depends.

26. But besides this wide departure from the only item in the Ricardian theory which is really true, what can be more absurd than the doctrine that the whole of any result or effect which is due to cumulative causes, may be said to be, or may be considered as being, caused by the last and latest addition to those causes? Let us test this doctrine as applied to other cases. There is the proverbial one of the "last straw breaking the camel's back." A beast of burden can bear a certain weight and no more. Pound is heaped upon pound, ounce upon ounce, straw upon straw, till at some given moment of addition, the beast drops under the accumulation. Is it sane to say that the whole weight may be credited to the last ounce, or the last straw, which seems to produce the final result? Or take the case of a steam boiler with a safety valve loaded to a pressure of 60lb. to the square inch. The pressure rises gradually up to 50lb, then to 55lb, and then to 59lb, then to 59½lb. Still no escape of steam appears. Then it rises to the 60lb. and immediately it begins to blow off. Would it be rational to say that the last half pound caused the total pressure, or might be taken as in this sense determining it? Certainly not; and so we see that even if it had been true that the rising price of corn had been due, which it was not, to any rising cost of cultivation, it would be equally absurd to debit the value of the whole supply to the latest, and most costly addition to that total. The absurdity of this conclusion must have been seen at once, had it not been masked and concealed under the deceptiveness of that ambiguous word "determine," because it is perfectly true that if that word be understood in the sense of calculating or ascertaining, then it is true enough that the bare fact of very poor land becoming worth the cost of cultivation, may enable us to calculate, on certain further data, that the price of corn must

have been at least 80*s.* or whatever other price may be determined by the calculation.

27. Still, with every possible explanation and excuse, the broad and unqualified assertion of Ricardo remains one of the monstrosities of pretended science—that the price of all commodities is regulated by the cost of the worst and most expensive agency employed in its production. The truth of the exact opposite proposition is a matter of continual and familiar experience and observation. We all know, and many of us must have suffered from the fact, that the opening of some cheaper and easier method of production so lowers the exchangeable value, or price, of some given commodity in which we deal, that those who may have before derived a large profit from its production, can only thenceforward continue to produce it at a profit comparatively low. In all such cases, and they are numberless in commercial life, the exchangeable value of every article or commodity is always seen to be regulated by the best and cheapest, and not by the worst or dearest mechanism of production.

28. I have myself been placed in circumstances in which it would have been a happy thing for me if this Ricardian doctrine had been true, but in which, unfortunately, I found it to be false. Some thirty years ago I discovered a peculiar mineral in the nature of a metallic ore in the rocks near my own residence. From certain indications I knew it to be rare ; but I did not know its exact composition. On analysis it turned out to be an ore of nickel—or rather of iron with the additional ingredient of 10 per cent. of nickel. At that time pure metallic nickel was selling at 8*s.* the lb., chiefly for the purposes of electro-plating. That high price was due to the then rarity of ores of nickel—no mine of it existing in the United Kingdom, and very few mines elsewhere. As there are 2240 lbs. in every ton, it followed that my ore, yielding 10 per cent. of nickel, would yield 224 lb. of pure nickel, which, at 8*s.* the lb., would be worth about £89 per ton. But the exchangeable value of the ore to me would, of course, depend on the cost of refining, or of separating the nickel from the iron and from other ingredients, as practised at that time,

and on the competition among refiners to get the ore. But the process of extracting nickel from such ores was then a secret, and in the nature of a patented monopoly. Nevertheless, ores of nickel so rich as 10 per cent. were so rare that I was able to effect a sale of a certain quantity at the price of £30 per ton. But my profit on this price depended on the cost of output from the rock. This was small at first, because the vein cropped out at the surface, and the ore could be extracted with little labour. In this condition of things the mine was highly profitable so long as the conditions remained the same. But they did not long remain the same. The mine became worse as an ore-producing machine—more labour was required to get the ore out of the rock in proportion as we had to dig and burrow deeper. Still, though getting worse and worse in this respect, the mine continued for some time to yield a good profit. But soon another and a more cheaply workable machine came into play. Another mine was discovered in Norway, less rich indeed than the mine in Scotland as regarded the quality of the ore, but yielding the ore in much larger masses, and in a position which rendered it much more easily accessible. Immediately the price of metallic nickel began to be "regulated by" the opening of this cheaper and more abundant supply. It fell below 8*s.* the lb., because of the opening of the cheaper ore-producing machine. Still, the price of nickel continued to be sufficiently high to yield some profit on the cost of output to me, although the lower price of the pure metal caused and determined a corresponding, and even more than a proportionate, fall in the price of the raw ore. At this lower profit, however, I continued to work the mine, and did so until a repetition of the same causes so "regulated" the price of nickel, and of my ore, as to destroy the profit of the mine altogether. Still cheaper, and still more abundant nickel-producing machines were discovered in different parts of the world, especially in one of the islands of the Pacific. The produce of those cheaper machines "regulated" the only price which I could get for the produce of my poorer machine, until at a certain point of this "regulating" process, my mine was regulated

out of its existence altogether. The price of nickel was regulated down to so low a point that my poorer and more expensive mine became no longer worth working.

29. Now, in this case, Ricardo's dogma would compel me to believe that in the downwards descent of the exchangeable value of my ore, that value was "regulated by" itself, as the poorest and most expensive of the mines, and not by the value of the competing and cheaper produce of mines richer and more easily worked. Ricardians may think to escape from this absurd conclusion by pointing out that the moment production is extinguished altogether as regards any such machine, the doctrine does not apply, because the "continued" working of the poor and dear machine is one of the postulates in the proposition. We shall see directly what this postulate implies. But in the meantime, we must observe that the conclusion is equally absurd, and as evidently absurd, when it is applied only to diminished profits, and not to profits wholly extinguished. The lowering process as regards the amount of profit depends on exactly the same causes in the one case as in the other. The process which lowers profit is exactly the same as that which may carry on the lowering to the extinction of profit altogether, and to the cessation of the work. The lowering when not carried to the point of extinction, is due to the lowering of the exchangeable value of the product, and that lowering of price in the product is "regulated by" the larger output, and the cheaper output, of the best machine which has been made or found.

30. And this is the natural and universal law. It is the exact contradictory of the Ricardian doctrine, or at least of that doctrine as generally expressed and understood. The cheapest and most abundant production must govern or determine the price in every market. Adam Smith saw this, and expressed it firmly as an obvious and undoubted truth. "The most fertile coal mine," he says, "regulates the price of coals at all the other mines in its neighbourhood.* He applies the same law to food-producing land, when he says—"except in particular situations, therefore, the rent

* 'Wealth of Nations,' book i, chap. xi. p. 77.

of corn land regulates in Europe that of all other cultivated land." * This indeed is too large a proposition—because corn is not always the most valuable crop, and many other elements go towards the "regulation" of prices than even Adam Smith could grasp, or express, in such abstract generalisations. But as regards each article of production he was quite right in asserting that the price of it within its own area of market, whatever that may be, must always be regulated and determined not by the output of the worst, but by the output of the best machine.

31. The bolt-hole postulate, however, out of which Ricardians seek to escape from the absurdity of the dogma, although it can be effectually stopped, is a refuge of attempted escape which is highly significant of the whole secret of the fallacy. For what is the meaning of this limiting postulate that the dear and difficult production must "continue" to go on, otherwise the regulating power of it cannot take effect? What is meant is clearly this—that the continuance of the comparatively dear and difficult production is a proof that there is, at least, some profit, however small. Consequently this continuance is the index of a fact, and as such is one of the data of a calculation. From that fact it can be concluded that the price of the product must still continue to stand at or above a certain figure in the market—because below that figure the production would cease. In this sense it is true that from the fact of a costly and poor production continuing to exist, we can calculate, or determine, what the minimum price of the product must be. So that we are thus brought back to the well-nigh incredible conclusion that the only foundation of the Ricardian dogma—the only grain of truth which it contains, lies in this wonderful confusion between the two senses of the word "determine"—the one being to calculate or ascertain, the other being to cause or to effect. In the first of these two senses we see at once the indispensable place occupied in the dogma by the postulate of a continued production however struggling—because this is the very basis of the calculation. Without this postulate that index is lost which gives to us an

* 'Wealth of Nations,' book i. chap. xi. p. 73.

approximate estimate of a price below which the produce cannot have fallen. Thus in the case of my nickel mine, if I had continued to work it, and if it were known that the cost to me of the output was at least £15 per ton—that I had worked it at a large profit when the price was £30—that I had still worked it when the price fell to £20, and that I even found it worth while to "continue" the working when the price of the ore fell to £18 per ton—then it might be calculated that metallic nickel cannot have fallen below, say, four shillings per lb. This calculated knowledge of the price of nickel would be arrived at, or regulated by, the indicating fact that my poor and costly mine had continued to be still worth working. But nevertheless, it would be not less certainly true that the price of nickel had been itself determined, or regulated by the more copious and cheaper mines which have been discovered.

32. Exactly the same principle of calculation applies to those poorer machines for the production of corn, which consist in the least fertile arable lands. If we know the excess of cost at which they are worked, above the cost of the work which is sufficient to produce corn on land which is of good or of average fertility, and if we know that the poor lands do, as a fact, continue to be worked, then we can determine what the price of corn must at least be in order to account for the results. Thus our knowledge of the price of corn might be said to be regulated by our knowledge of the comparative poverty of the lands which, in spite of that poverty, were nevertheless actually worked at some profit, however low. It need hardly be repeated that this is a very different proposition from the dogma of Ricardo and of his followers—that the cost of working the poorest land causes the price of corn to be whatever it may actually be.

33. And thus, again, we come round to the conclusion that the Ricardian dogma, which he began by applying specially to agricultural rent, or to the price of the hire of one particular article, is either in absolute contradiction of the facts of nature, or else it is a mere empty truism equally applicable, not only to the hire of every other article, but to all price and all value whatever. The value of everything under the sun must always

be, in respect to its amount, the degree of value by which it rises above some other thing of the same kind which has barely any value at all.

34. Accordingly, we find that in the course of the destructive criticism, which, very slowly and very timidly, has been applied by later writers to the Ricardian Theory of Rent—the one conclusion to which they are all driven is that the same processes of reasoning which the theory applies to agricultural rent are equally applicable to all other things. They do not carry this demonstration far enough. But in respect to one, at least, of the supposed results of the Theory—the result namely that rent does not enter into the money cost of production—we find Professor Marshall, for example, coming to the conclusion that, "taken in the natural sense of the words, it is not true of agricultural rent; taken with proper limitations it is equally true of all kinds of rent."* This, indeed, is only a very partial and incomplete contradiction of that deep-seated fallacy and delusion which has infected economic science since the Theory first arose—the fallacy and delusion that there is any fundamental difference and contrast between the natural laws which regulate the price of land, either for purchase or for hire, and the natural laws which govern the price for purchase or for hire of every other of the thousand instruments of production which lend themselves to the hand of man.

35. That close alliance and intimate analogy between these laws which refers them all to a common origin and a common principle, has struck many writers in regard to particular cases which accidentally met them when pursuing certain by-paths of economic reasoning. Some such instances of analogy struck even J. S. Mill; and an instructive passage in his 'Principles' is justly referred to by Jevons as involving a complete refutation of the Ricardian doctrine.† We have seen how astonished Jevons was when his eyes opened to the wide and indeed the universal sweep of the new identity which thus dawned upon him, and how vigorously he expressed it. Not only did he assert as a consequence the parallelism between the true

* 'Principles,' p. 488. † Ibid. Preface, p. xlix.

theories of rent and of wages; but he asserted also that precisely the same view might be applied *mutatis mutandis* to the rent (or interest), both of fixed and of free capital. But, strange to say, J. S. Mill was himself led to conclusions upon this great subject, which take a still wider range. Not only does he see that the rent of land stands on the same footing with such special sources of revenue as patents, which confer a legal monopoly on individual men as the reward of the inventive faculties of mind; but he admits, generally, that cases of profit "analogous to rent are more frequent in the transactions of industry than are generally supposed." Following up this line of reasoning, he admits that the "extra gains which any producer or dealer obtains through superior talents for business, or superior business arrangements, are much of a similar kind." Still more sweepingly he adds, "All advantages, in fact, which one competitor has over another, whether natural or acquired, whether personal or the result of social arrangements, bring the commodity so far into the same class, and assimilate the possessor of the advantage to a receiver of rent." Again, he says, "Any difference in favour of certain producers, or in favour of production in certain circumstances, being the source of gain, which, though not called rent, unless paid periodically by one person to another, is governed by laws entirely the same with it." *

36. This is a very remarkable passage. It is a signal illustration of the wide and penetrating ramifications of every fundamental economic truth, that Mill should have been led on by following, as it were, one little thread of thought, through a purely incidental discussion, to reach a generalisation so very large and so unexpected in its results. It is a generalisation which identifies the economic position of every man who rises in the least degree above the dead level of those around him, even in respect to the natural gifts of mind and character, with the position of every other man who has any other possession of any kind having the same effect of conferring on him some individual advantage. If we trace out this idea to its results, and back to its foundations, we find

* J. S. Mill's 'Principles,' book iii. ch. v. § 4.

that it roots the great economic facts and laws of possession and of property, in the faculties of mind, and in the indelible variety into which nature has distributed those to individual men. It refers all kinds of value to one and the same source —to the mental adaptation of all work and of all effort to the corresponding needs and desires of the society in which we live. This is indeed a profound truth, of the widest possible application to some of the most complicated problems of the science. If J. S. Mill, who stumbled on this truth in a mere bye-path of thought, had really understood it, and had followed it in all its consequences, he could not have been entangled in the web of empty logomachies which have produced such a just revolt against his teaching.

37. It is indeed most curious and instructive to observe, although it raises rather melancholy and distrustful suggestions, how completely in dealing with great general economic laws, two such able men as Adam Smith and Ricardo were biased and deceived in opposite directions, by the mere power of the passing associations of their own day. The whole power of Adam Smith's mind was directed to overthrow the old doctrines of the "Commercial System"—doctrines which had grown up under the notion that manufactures and commerce were the great sources of wealth which legislation ought artificially to foster and protect. It was the commercial and manufacturing classes, not the agricultural classes, which in his mind represented all the fallacies of the protective system. It had been so not only in the whole of his experience, but during all the Middle Ages. In Scotland the Royal Burghs had been the centres of all the claims of privilege and monopoly. The landowners, although then so powerful in Parliament, had so far partaken of the delusion as to lend a willing hand in this kind of legislation, and had allowed the right of dealing freely even in their own most valuable product, wool, to be monopolised by, and sacrificed to, the Chartered Municipalities of the Towns. As regards the import of corn the Parliaments of Scotland were Free Traders from a very early date. The consequence in Adam Smith's mind was, that he associated

all restrictive and monopolising laws not so much with the owners and occupiers of land, as with the manufacturing and trading classes.

38. It is true that long before the time of Adam Smith the theories of what we now know as Protection had been applied to corn, both in the form of limitations on import, and of bounties on export. And it is true further, that he attacks both of these forms of artificial interference with free exchange. But it is equally true that when he wrote, the practical effect of these laws had roused no burning question, having been completely masked by the counter effect of more operative causes. The average prices of corn had been steadily falling from the end of the seventeenth century, and continued to do so for the first sixty-four years of the eighteenth.* All he attempts to prove is that the price of corn would have been still lower if there had been no limitation on import, and no bounties on export. But there was no agitation or endeavour in his time, on the part of the agricultural classes, to stop that lowering of prices which natural causes were producing. There was no aggressive action on their part to interfere with the cheapening of food. Consequently, Adam Smith lay under no temptation to undervalue the oldest industry in the world, that of agriculture, as one of the most important of all the sources of public wealth. He lay under no cloud of temporary politics to blind him to the fact that those whose whole interest lies in making two blades of grass, or two ears of corn, to grow where one only grew before, must, in the nature of things, be amongst the most valuable of all agents in productive industry. Accordingly, in his chapter on Rent, he lays it down broadly, that the interests of the agricultural classes must always be identical with the true interests of all other classes and of the public as a whole. So far does he carry the inferences from this doctrine, which is undoubtedly sound in itself, so little did he foresee the change of form and of application which the doctrines of Protection were to take forty years later, that he went the length of saying that, "When the

* 'Wealth of Nations,' book iv. chap. v. p. 224.

public deliberates concerning any regulation of commerce or police, the proprietors of land never can mislead it with a view to promote the interest of their own particular order."* It is true that he adds this qualifying clause, "at least if they have any tolerable knowledge of that interest," and then he proceeds to comment on the frequent want of this knowledge in their case. But when he comes to deal with merchants and master manufacturers, he declares, as a general principle, that their interests have not the same connection with the general interests of society as those of either the landowner or the labourer. He represents them as being indeed more astute, as having imposed on the generosity of the landowning class, and as having persuaded it to give up both its own interests and that of the public from a very honest conviction on the part of the landowner that their interest, and not his own, was the interest of the public.† The conclusion of this curious paragraph shows how intensely Adam Smith resented, from deep conviction, the claims, the pretensions, and the delusions of the Commercial System as identified with the class in the interest of which it had been established. The proposal, he says, of any new law or regulation of commerce which comes from this order of men must be scrutinised as coming from an order "whose interest is never exactly the same with that of the public; who have generally an interest to deceive and even oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it."‡

39. On the other hand, Ricardo was educated under very different circumstances, and under a very opposite bias. Adam Smith had written fifteen years before the beginning of the great struggle with revolutionary France. Ricardo wrote his "Principles" two years after its close. Everything had been changed between those two dates of 1776 and 1817. The prices of all agricultural produce had risen rapidly during the war. They had collapsed with the peace. The old commercial and manufacturing doctrine, and the universal belief,

* 'Wealth of Nations,' book iv. chap. xi. p. 115.

† Ibid. p. 116. ‡ Ibid.

that the policy of keeping up prices by restrictive legislation was the best means of stimulating production, was the doctrine which, in their turn, came to be applied to corn by the agricultural classes with the same absolute conviction that they were thus securing the public interests which had before animated the merchants and manufacturers. In 1815 Ricardo found himself immersed in the great debate that raged round the new practical application of this policy, which aimed at keeping up the price of corn to 80*s.* the quarter, by prohibiting the import of foreign corn so long as home-grown produce kept below that figure. The arguments against such a policy are now familiar to us all. But only some of them were the arguments used by Ricardo. It is quite possible to use many bad arguments in a good cause. And many of Ricardo's arguments against the corn laws were bad and fallacious arguments. What he wanted to see was cheap labour in the form of low wages—for the benefit of manufactures and commerce. He thought and he argued that cheap food would necessarily make labour cheap also. He lays it down as an axiom that "profits are at all times raised as wages fall, and lowered as wages rise."* Nothing, indeed, can be more crude and rude than the form in which he avows this doctrine. "There is no other way," he says, "of keeping profits up but by keeping wages down."† Then he lays it down with equal emphasis that low prices of food must always produce low wages.

40. In all this reasoning Ricardo was absolutely wrong. He was wrong in supposing that wages always rise and fall with the price of food. He was still more wrong in supposing that the high price of corn could be caused by the increased labour which was expended in the production of it. He was wrong in not seeing that the increased labour which was tempted to expend itself in growing corn was the effect and not the cause of the high prices. His argument was essentially a class argument, and if it had been sound the whole benefit of a free trade in corn would have accrued to those

* 'Ricardo's Works' (McCulloch edition), p. 201.

† Ibid. p. 476.

whose capital was engaged in manufactures and in commerce. Those who lived by wages would have gained nothing if those wages had always of necessity fallen with the fall in the prices of food. The true argument for free trade in corn was not set up and brought home to the conviction of men until the days and the speeches of Cobden. His argument was that free trade would stimulate all production, and by so doing would raise the rate of wages in all employments. He denied that this gain to labour would be neutralised by a fall in wages following on cheaper food. Ricardo's fallacies were due entirely to the fact that he had adopted a wholly false theory of Value—namely this, that the value of everything depends absolutely and alone on the quantity of labour requisite for its production. This was his master fallacy. Through an intimate weaving and knotting of its logical consequences he persuaded himself that corn can only be raised in price because of additional labour becoming necessary to produce it. Thus the very effort of farmers and owners to increase supply became in his eyes an effort tending of necessity to keep prices up. Then in virtue of the additional but derivative fallacy that the worst and most expensive producing machine must always regulate the price of the produce, he deduced this farther and most wonderful consequence—that it must always be for the interest of landowners that the cost of producing corn should be continually increased.* And so from all this, the conclusion is reached that the interest of the landowner is always opposed to that of the consumer and manufacturer, because their profits must always tend to be absorbed by higher wages following on higher prices of corn, and by higher rents always rising in proportion to a more costly and more difficult production.

41. That such a web of absolute nonsense could be woven by the human brain out of its own fanciful creations, and that men of common-sense should not have been startled by the glaring contradiction of its results with many of the most obvious and notorious facts of life, is indeed a phenomenon that may well astonish us. But although the very opposite

* Ibid. p. 202.

conclusions of Adam Smith were comparatively near the truth, we must notice that even he mistook what some of those facts of life really were. For example, he asserts with gravity that "the revenue of landowners costs them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own." * Yet this astonishing sentence was written at a time and in a country in which the keenest spirit of agricultural enterprise and improvement was every day more and more possessing the whole landowners' class in Scotland, and in which the stirring of new ideas and the adoption of new methods by them was giving a new direction to the whole industry of the country. Then, by an error still more far reaching and profound, he asserts that not only does rent naturally rise with the general prosperity of the country, which is generally true—as it is equally true of all other values whatever—but also he asserts, which is the reverse of the truth, that the proportion of total produce which goes to rent increases in the same way. "The proportion," he says, "of the landowner's share to the whole produce rises with the rise in the price of produce." The very reverse of this is true. As agriculture becomes more scientific, and more and more the result of reclamation, and of more costly tillage, the proportion of total produce which goes to rent, steadily diminishes, and diminishes greatly.

42. This diminution in the proportion of total produce which goes to rent arises from a natural law which Adam Smith himself had laid down in a previous chapter on the 'Price of Commodities.' There he says quite truly, "As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit, comes to be greater in proportion to that which resolves itself into rent." † This law applies to agriculture as well as to everything else. In virtue of it, as agricultural produce comes to be more and more the result of processes which are in the nature of manufacture—that is to say, the result of outlay and of skill—that

* 'Wealth of Nations,' book i. chap. xi. p. 115.

† Book i. chap. vi. p. 23.

part of it which resolves itself into wages in the working of the land, and in the making of implements, and into profits on artificial manures, and on the tenants' skill and capital—all of these come to be a greater part in proportion to that which resolves itself into rent. In his day, or rather somewhat before his time, when skilled agriculture had hardly begun, the proportion of total produce which went to rent was commonly said to be one-third.* Indeed all through the Middle Ages this was the rough estimate of the proportion which represented rent. But the enormous outlays on reclamation which were induced by the high prices during the war with France, soon increased the proportion of expenditure so very largely that the remaining proportion available for rent fell rapidly. Before the Parliamentary Committees of 1814, the evidence was that the proportion of rent to total produce had fallen from one-third to one-fourth, and often to one-fifth. It is rare that even this proportion ever goes to rent in our time, although the total of rent has risen enormously since the days of Adam Smith, even after deducting the great fall in all agricultural values which has taken place of late. But the whole of this great rise in rent since 1776 has been due to an immensely more than proportionate increase in the total produce, and this, too, in spite of a lower range of prices. This great increase of produce has again been the result of operations of infinite variety, all of which involved increased knowledge, skill, and outlay. Moreover, the one-sixth or the one-eighth of the total produce which now generally represents rent, instead of the one-third estimated by Adam Smith, is itself also the result of continuous outlays on building, reclamation, drainage, enclosures, and other items of equipment; so that rent has in all countries, and especially in our own, come to be, as Jevons saw it was—more and more obviously and completely subject to the same economic laws as those which govern wages and profits of all kinds. In reality it never had been otherwise, although superficial differences of incident, and the prevailing power of bad analysis, and of ambiguous language, had much concealed the identity of fundamental

* Book i. chap. xi. p. 76–77.

principle. It was not merely because Jevons came to see that rent had become more and more obviously a mere return, and a very low return, upon invested capital, that he saw the way of resolving it under the same laws as those which govern wages and profits in other industries. It was also because he was led to go deeper into the essence of rent under all conditions, and in all times, and to see that fundamentally the hire of land must be classed with the hire or the purchase of every other thing in the whole sphere of human industry.

## CHAPTER XII.

### THE DEVELOPMENT OF SPECULATIVE FALLACIES.

1. WE have seen how the Ricardian Theory of Rent passed and resolved itself into a general Theory of Value in all its forms. We have seen, too, how J. S. Mill, when he came to touch the question of this relationship, found himself led insensibly but irresistibly into conclusions which seem to have established in his mind, for a moment at least, the economic identity of the hire of land with the hire of every other thing, and especially of every other source or instrument of production. Starting from the mere general remark that "cases of profit analogous to rent are more frequent in the transactions of industry than is generally supposed," he advances to the doctrine that any profit due to "advantages, whether natural or acquired," which one "competitor has over another," or due to any "difference in favour of certain producers" over others, that profit, although it does not happen to be called a rent unless it takes the form of a yearly payment by one man to another, is nevertheless "governed by laws entirely the same with it."

2. This conclusion, which is the result of an obvious but a long neglected analysis, seems to be now an admitted truth, since the latest writer of the English school, Professor Marshall, in speaking of rent in general, defines it in the phrase which Mill constructed to explain this new aspect of its ultimate analysis, and calls rent the profit due to a "differential advantage."* When we consider all the infinite variety of ways in which different men have some "differential advantages"

* 'Principles,' p. 561.

over others—when we consider that no two men are ever exactly equal in all things, and are almost always extremely unequal in many things—and when we remember that personal gifts, "whether natural or acquired," which are the most unequal of all things, are specially included by Mill in the number of things yielding a special profit analogous to rent, we see that the effect of this conclusion is to break down completely all distinction in principle between the profit derived from the hire of land, and the profit derived from the loan of anything else over which men can possibly possess the right of exclusive use,—their own muscles and their own brains included. Most obviously of all, it identifies as on the same economic footing with rent, the profit derived from all other investments or employments of capital, whatever these may be. Moreover, as wages and salaries are all resolvable into the hire of men's labour and of their skill, for the purpose of securing a profit out of whatever contribution these may make towards some valuable return, it follows that such cases of hire, also, are all identified in principle with the hire of land, and are declared by him to be "governed by laws entirely the same with it."

3. We have seen that Jevons, also starting from facts and suggestions separately observed, and following lines of reasoning which were entirely distinct, had arrived at the same result. And, as regards the sweep of that result, it is well worthy of note that Mill expressly extended his doctrine of the identity which exists between all cases of hire, to all cases of purchase also. This he did by eliminating, as we have seen in the sentence above quoted, the mere circumstance of the price of hire being a price which is paid periodically, instead of being price paid down at once as in ordinary cases of purchase. And indeed it is obvious that the hire of anything is simply the purchase of its temporary use—that is to say, it is the price paid for the right of exclusive use over any article, commodity, or thing, for a limited time only. But quite as obviously this limit of duration makes no difference whatever in the essential character of any transaction which involves an exchange of values. The only difference between the two cases,—the case of purchase for a time only, and the

case of purchase "out and out"—is that in the case of hire the "thing" which is hired or purchased—namely, the right of exclusive use—is temporarily divided between the owner and the hirer; that is to say, the permanent right remains with the owner, and the temporary use of it is lent to the borrower, whereas in the case of purchase the right of exclusive use is at once permanently transferred from the seller to the purchaser. That right of exclusive use is Possession. We say colloquially, and we say correctly, if the meaning of the words be fully drawn out, that we hire, or that we purchase things; but what we do actually hire or purchase is in all cases the possession of the things—that is to say, the right of exclusive use over the thing hired or purchased.

4. This, however, is the element in the very definition of Wealth which, as has been already shown, is habitually omitted and neglected in economic definitions of it, and the omission is the source of inextricable confusions of thought. Now, in the case of hire—whatever the particular things hired may be—this element—so often forgotten, and so totally neglected in many reasonings—comes out into that visibility and prominence which arrests and compels attention. In the case of all things the use of which is bought only for a time, the sense of the right of possession belonging permanently to another, and the sense of the temporary loan of that right only belonging to the hirer,—this sense—is continually kept up by the recurring obligation of a price to be periodically paid, and by all the other legal incidents which contemplate and secure an ultimate giving up, and a giving back, of the possession to him in whom that permanent right remains. And then it is to be remembered that there is a large class of things—including all the prime necessaries of life—which in their own nature cannot be lent on hire, but must be sold and purchased. All kinds of food belong to this class; and the distinction between them and other articles which can be lent and hired consists simply in this,—that the particular use to which alone those articles can be put, is a use which involves complete destruction of their form, and a complete transmutation of their substance. The general word "consumption" applies to them in a more literal

sense than it applies to others. It is true, indeed, that there are no material things whatever that do not—more or less slowly—"perish in the using," and it is much forgotten that even the few articles which do not seem to do so, such as land, can only be prevented from deterioration and exhaustion by skilful use, and by continued processes of renewal and restoration. These processes soon mount up in the course of time to values equivalent to a fresh purchase. But the difference in the case of articles of food is that the destruction of them is immediate and complete, and that even the reproduction of other articles the same in kind, can only be effected through many steps of intermediate processes, all of which may involve a long series of transactions both of purchase and of hire. Here again, clearly, there is no distinction at all as regards the essential laws of value, and of the exchange of values. Mill, therefore, was perfectly right when he asserted the economic identity of all such transactions; and declared them to be "governed by laws entirely the same" with those which govern that particular case of temporary purchase, which is specially called rent. Jevons was equally right when he detected the same identity over a far wider area, and when he pointed out that not only capital in all its forms, but wages also, came under the same laws. He was equally right when, following the same clue of thought, he swept into the same wide-spreading net all the other transactions of hire and of purchase which deal in the personal gifts of men, whether "natural" or so largely cultivated as to seem "acquired." Nor did he err at all when he still farther enlarged this wide area of economic facts so as to include all cases, of whatever kind, in which profit is derived from any sort or degree of "difference" and of "advantage" which can belong to any particular possession among men. Every kind of possession which they do or can actually hold, places all men, more or less, in their relations with other men, in a position of some useful superiority or advantage, as regards some one or more of the conditions of life.

5. But if all this be true, as it most certainly is, then the conclusion it establishes is one that sounds the loudest possible

note of warning. It involves this other conclusion—that any fundamental misconception as to a true Theory of Rent must carry with it corresponding misconceptions on the whole Theory of Value in all its applications; that is to say, it must taint with dangerous fallacies that conception which, above all others, lies at the very heart and centre of economic science. Jevons saw this consequence, or at least he saw a bit of it, when he came to the conviction that the hire of men, which is commonly called wages, was governed by the same laws as those which govern the hire of land, which is commonly called rent. He was delighted when he saw the "remarkable section" in Mill's book on which we have been commenting. He called it "very satisfactory," as confirming his own view, which had been otherwise arrived at; and he pointed out that this view is one "which, when properly followed out, will overthrow many of the principal doctrines of the Mill-Ricardo economics." * With those principal doctrines he regarded the admissions of that particular section in Mill's book as "entirely inconsistent." He was well within the mark when he assigned a very wide operation to this discovery of a new identity between things which had been sedulously distinguished and kept apart by all the older school, and which are still dealt with, and spoken of, as widely separate by not a few even of those who in some respects have been reformers.

6. The penetrating ramifications of some one great error have often been illustrated in the history of the sciences. But in no science can such error lead so easily, so naturally, almost so irresistibly, to the most extreme developments of delusion as in the Science of Economics; because in no other science that exists do we deal with phenomena so closely compacted into one vast tissue of mutual action and reaction, and yet all woven out of a few simple facts and laws touching the needs, the desires, and the instincts, of man in his various relations with the external world. If we forget some one of these facts or laws because it belongs to the Unseen,—if we omit another because it may appear at a cursory glance to be unimportant,—

* Jevons' 'Theory,' Pref. pp. xlix.–l.

if we neglect yet another out of pure carelessness,—or, again, if we fix our eyes exclusively on some one or two of them, to the exclusion of others which are of equal, and perhaps even of greater power—then, not only will our analysis of economic laws be vitiated throughout, but we may be led into the wildest delusions, such as those to which Adam Smith adverted when he spoke of the "gross sophistries" common in philosophy, or such as those to which Dr. Anderson adverted when he said he had heard men talking "like lunatics" about the price of corn.

7. Such, obviously, is the danger if we go wrong on any part of the Theory of Value, ramifying out, as that theory must necessarily do, as from the one great central conception of economics, into a Theory of Wages, and into a Theory of Capital, and into a Theory of Profits, and into a Theory of Production, and into a Theory of Consumption, and, wider still, into a Theory of Man, with all his gifts, "natural or acquired," and last, not least, into a Theory of History, including especially the fundamental principles of Government and Jurisprudence. This may seem to be an exaggeration of the consequences of any misconception, however important, in economics. But it is no exaggeration at all. It is literally true that of these great subjects of inquiry now named, some are strictly subordinate branches of any complete Theory of Value; whilst all the rest are so indissolubly connected with each other, that any fundamental error, whether of omission or of commission, in any one of them, may distort our interpretations of even the most familiar facts,—may falsify all our widest generalisations,—and may carry poison into the very blood of our estimate even of moral obligations. In particular, those growths of economic science which direct us to the causation that resides in "Mind," with all its gifts, "natural and acquired," are in themselves a great central stem springing directly from the root of all social laws, and it is precisely in this direction that we are most in danger of neglecting elements more powerfully operative than any other.

8. One of the profoundest parables in the New Testament

is the Parable of the Talents.* It typifies the variety and inequality of all our mental gifts; it typifies the function of Possession, in some form or other, as the agency with which, and upon which, those gifts must be set to work; it typifies the lending of this possessory right to others, and the return which the lender has a right to demand for the use of it by them. It thus typifies, in one of their many shapes, those "differential advantages" among individuals as compared with each other, which are inseparable from the condition of humanity. It typifies the duty of labour or of work, and the aim of it in multiplying products. It emphasizes, also, the absolute duty of honesty in rendering its due return to every obligation arising out of our hiring of advantages which are not our own. In the words "Occupy till I come," it involves and implies a whole cycle of the operations through which the industrial development of nations has arisen. Its silence, too, on the question of the origin of Possession in itself, is an index of the assumption which underlies all economic science, that we must start from the existence of Possession as an universal fact, inseparable from all the other fundamental facts of our human nature, and of the beginnings of society. The Parable of the Vineyard,† which was "let out to husbandmen," enforces the same natural laws which in our own day we have seen emerging anew in the long afflicted region "beyond Jordan," as illustrated by the position and by the action of Sheik Jeber near Abila, in the old Decapolis. The Parable of the Householder who worked his own vineyard by men hired on wages,‡ which assumes that these wages are regulated by contract, and which involves the right of free disposal by individual men of that which is their own—all these are full of those natural facts and laws which carry us back to the unseen foundations of society,—which demand that we should admit them to be—as they are there assumed to be—facts and laws of nature, and that we should bear them in perpetual remembrance as in themselves ultimate and unquestionable. It is obvious that any forgetfulness or omission

* Luke xix. 12–26. † Luke xx. 9–10.

‡ Matt. xx. 1–16.

of any of these, and still more any assumption which is in direct contradiction of any of them, must lead us far astray, and may involve us in theories and in conduct inconsistent alike with the physical and the moral bases of the whole system of things in which we live.

9. It may be well, however, to illustrate and apply this loud but general note of warning, by specifying, as an example of the danger, some, at least, of those erroneous suggestions of thought which stand in natural, and almost in inevitable, connection with the theory of the Ricardo school in respect to one particular case of hire, namely the case of the hire of land. It is an excellent example, both because it is in itself a striking one—because some of its fallacies are as popular as ever—and because, as a matter of fact, the discovery of the fallacy of some of its results has been one of the chief causes of that revolt against the Ricardian doctrines which too long reigned supreme in England. It will be needless to do more than indicate a few of those vitiating omissions of fact which have led on to equally vitiating steps of argument in connection with the Ricardian Theory of Rent, and to give an actual example of the consequences to which they lead.

10. In the first place, then, let us note that the mere isolation of one particular case of lending and of hiring from all the other innumerable cases of the same transaction, must of necessity be, in itself, a copious source of fallacy. It essentially consists in, and depends upon, that greatest of all failures in science,—the failure to recognise identity of principle and of law, under superficial diversities of form. The fundamental importance attached to the mere half truth that the rent of land is, in each particular case, predominantly the result or consequence of the price of its produce, and conversely that rent does not directly enter as a cause into the price of produce, is an excellent example of this kind of fallacy. It is true of the price of the hire of the land, only, as we have seen, in the same sense in which it is equally true of the hire of labouring men, or of the hire of horses, or of the hire of implements ; so that the isolation of this one particular case

of the hire of the land from other cases of hire, which are equally incidents in the same production, is essentially a failure to distinguish between the essential and the accidental, which is the worst of scientific errors. The proposition that the price of the hire of land is no part of the cost of its productions, has been shown to be a fallacy, partly due to the erroneous isolation in which the case of rent is regarded, and partly due to fresh sources of error which are imported from a different direction. For a new source of fallacy arises out of the leading dogma of the whole Ricardian system, that the cost of production of any article is the sole cause and regulator of its price. If this dogma be imbedded in the mind of any economic reasoner as a rooted preconception, and if he also has persuaded himself that the cost of hiring any machine is no part of the cost of its products, then it becomes a necessity of thought to him that the cost of hiring land cannot possibly be even an element in the price of agricultural produce, because, if it were allowed to be part of that cost, it would not only enter into the price of produce, but, along with other items of that same cost, would be one of its determining causes. The felt necessity of defending from undermining or assault such rooted preconceptions of the mind, is one of the most powerful factors in all false chains of reasoning. It is wonderful how instinctively sensitive the mind is to the incongruity of any conception with its own pre-occupying favourites. It quickly scents an enemy, even when that enemy is still far away; and so it comes about that Ricardians have always been on the self-defence against any admission that the hire of land can even enter as an element into the cost of agricultural production. Nothing else can account for the acceptance of so glaring a paradox as that the cost of the very first necessity for production —namely, secure possession—is no part of the cost of that production.

11. But here, again, we open a new avenue of thought, down which the concatenation of Ricardian errors has led his followers fast and far. It is a natural suggestion of the mind that if rent is no part of the cost of production, it must be

paid for nothing that is of any use in the processes and conditions of that production. This suggestion comes up so easily, and by such an unconscious action of the logical faculty, that it survives even in the minds of men who have detected some, at least, of the fallacies involved in the Ricardian Theory. Thus Professor Marshall—who is, as we have seen, in that position—gives form to this suggestion of thought by the coinage of a technical phrase which, after the manner of economic writers, he prints in capitals as expressing some great abstract truth which can be, and ought to be, handled as a clear and definite conception of undoubted validity and of great importance. He calls rent the "Producer's Surplus," meaning thereby apparently—not as the words would naturally suggest, a surplus belonging to, and rewarding the Producer—but a supposed surplus over and above his own profit, which, it is thus assumed and implied, belongs to nobody who has been a sharer in the production. In a former chapter of this work I have already pointed out the danger of the coinage of such phrases printed in capital letters. They are very useful when employed as a sort of shorthand symbol of some group of facts or of ideas which is of indisputable truth, of wide significance, and of self-contained completeness. Such are many of the phrases—for the most part single and abstract words—which are born naturally in the unconscious development of language, as for example Wealth, Value, Capital, Money, Force, Energy, Effective Demand, Division of Labour, and the like. But when such technical phrases are deliberately coined by individual writers, and are dressed up in capitals, the chances are ten to one that they represent nothing but some very partial, scrappy, and misleading aspect of things which some particular writer has torn from all its true connections, and which will therefore almost certainly involve the worst fallacies due to neglected elements. Such phrases may even be worse than this—when they embody and give currency to a distinction which does not exist at all, and which may even involve a complete inversion or denial of an important truth. So great is the danger from such phrases that the method by which they are framed might be most

usefully imitated to counteract their influence, and to warn men of the traps and pitfalls that are set in them for all unwary readers and unwary thinkers. The danger is so great, and economic science has been so infested with it, that it deserves to be singled out and advertised by a descriptive phrase. The "Capital-Letter Fallacy" is a formula which expresses it.

12. And of this kind of fallacy we have a striking example in the phrase thus adopted by Professor Marshall to express one of the central conceptions of the Ricardian Theory, which seems to have some strange and inveterate attraction even for those who have detected the gravest error in its practical applications. Rent, as we have seen, is often called a "Surplus" without any explanation as to what it is a surplus over. But the implication is that rent is a surplus over the whole cost of cultivation, including the hirer's or "cultivator's" profit also; and being a "surplus," it may, therefore, be identified by this definition, "The Producer's Profit," * meaning an extra profit over and above all the necessary expenses of production. The phrase, therefore, implies and assumes that these necessary expenses are wholly met by the hirer, or farmer of the land. Hence the hirer or borrower of the right of exclusive use over the land is called the "Producer" to the exclusion of the lender of that right, whose prior function and larger contribution is thus wholly neglected, or kept out of view. And this exclusion is stereotyped, as usual, in a Capital-Letter Phrase, by means of which it may pass more easily and unchallenged into the current language of economic science. Yet Professor Marshall himself has obviously no intention of spreading any fallacy. He knows the facts which are inconsistent with his phrases. He admits that generally in England the capital invested by the owner in the acquisition of that right over the land and over its equipments, which is the fundamental and all-important element in production, averages five times the capital supplied by the hirer of it.† Even this is a very great under-estimate of the proportion which, in many cases, is contributed to the cost of production by the

* 'Principles,' p. 561. † 'Principles,' p. 688.

owner of the right of Possession. In principle, however, any correction on this under-estimate is unimportant. But what is really important is to notice the source from which so great a paradox comes—as the conception that the largest by far of two capitals engaged in a given result of production, ought to be systematically omitted among the costs and factors of that production. Professor Marshall uses language which expressly admits that the five-sixths of the capital thus contributed by the owner or lender, is five-sixths of the costs of production, because he calls it the "necessary" capital, and this word can only mean "necessary" to production. He admits, too, that the rent represents a low rate of interest on the capital so lent, and that in no other business can any "enterprising undertaker" borrow what capital "he wants" at so low a rate. Yet in spite of these statements and implied admissions, the antagonistic idea is kept up—that the borrower of all this "necessary" capital is the only partner in the concern to whom the name of Producer properly applies, and accordingly that title is appropriated to him alone. Moreover, the same idea is still farther kept up by calling the borrower, or farmer, the "enterprising undertaker" as distinguished from the lender, who is thus excluded from any share in the "enterprise" and "undertaking" of agricultural production. And yet the application of all that capital to the land may have been, constantly has been, and more than ever now continues to be, the result of great "enterprise"—undertaken often in the face of "bad times" and of falling rents—and is essentially the most risky part of the whole "undertaking" as an industrial work.

13. It would be impossible, or at least much more difficult, to keep up such a delusion in the case of any other industry. And why? The answer is—because of that commonest and most inveterate of all kinds of intellectual blindness, which consists in not remembering the Unseen, however "real" we know it to be—in concentrating all our attention on the grosser and more palpable forms in which Possession is embodied; and this, because we shut our eyes persistently on those other forms which are less visible and materialistic, but which

are, nevertheless, the highest and the best. The "holding" of a weapon is a literal holding in the grip of the hand. The possession and holding of a cow or of a horse may be equally gross and palpable, when the "holding" may be by the horns, or by a halter, when the animal is led out to plough. The Possession of land, too, was at one time held in a form hardly less gross and palpable, when it was secured and defended by military conduct and capacity. It is still largely typified and represented by enclosing walls and hedges. It was, as we have seen, habitually so typified in the language of the Old Testament. But in civilised conditions, Possession rests on Rights which Society has recognised for centuries, which law has enforced, and which have passed from hand to hand by acts of transfer that have no other witness than parchment, or paper, whilst even these are seldom or never seen. And so it comes about that even educated men, who ought to know better, can talk of the price annually paid for the most valuable of all loans as a price paid for nothing that is of any use to the borrower, although he could "produce" absolutely nothing if he had not secured it.

14. But all this train of thought leads still farther in the same direction. If Possession, or the right of exclusive use over land, as well as over all its incorporated equipments, is the "thing" for which rent is paid, and if that right be indeed of no use as a contribution to production, then the farther thought is naturally suggested that rent is a "Surplus" over everything that is needed to repay production, and that it can have no other root in nature or in history, or in equitable obligation, than the long-continued recognition of Society. Then the question comes to be started, whether Society, even by the continuous assent and consent of a thousand years, can establish any obligation of this kind as against the future? And then, next—the mind being now fairly started on the steep, downward slope of a great temptation—the question is asked, whether "Society" is bound towards its individual members by any honour, or by any duty, or by any continuous obligations of any kind? It is indeed a curious fact that those who seek to elevate that

aggregate of individuals called Society into the position of a Supreme Personality, with absolute power over its own units, are the same persons who deny to that Supreme Personality all the highest attributes of character which we admire and respect in individual men. Of course, this denial cuts very deep into the unseen foundations of Society. The right of exclusive use over land is not the only thing possessed by forms of title which are visible and palpable in nothing except the form of recorded documents. Capital, in all the thousand shapes it takes in our times, has no other representative or embodiment. Amongst others, the money which Society has borrowed in times of difficulty and danger from its own members,—the debts of nations and of municipalities,—have no other security; and a sweep of the sponge is a tempting action by which this licence of Society may always be asserted.

15. Such are some of the "descending" steps down which the human mind may be tempted to sap and destroy the unseen foundations of Society. Cardinal Newman once spoke of the "all-dissolving power of the human intellect" in matters of religion. We see the processes of intellectual temptation through which men may be led to apply the same dissolving power to all the obligations of good faith and of honour, on which all wealth absolutely depends. And it is most important to observe that the men who start some deep-seated fallacy leading to such results, do not generally see the consequences to which that fallacy will certainly lead. Ricardo, who was essentially a "city man," a banker, and who knew the absolute dependence of all industries and of all business on the recognition and defence by Society of all individual rights, and on the enforcement of all individual obligations, was the last man in the world intentionally to sanction such anarchical and immoral doctrines as those which have been founded on a belief in his fallacious theory. "Credit" is the breath of life on which all the vast commercial business of the "city" absolutely depends. And "Credit" means nothing but a confident belief in the universal law of enforceable obligations, personal, social, continuous, and hereditary. Not

only must he have habitually dealt in "the Funds," but he became the purchaser of landed Estates upon a large scale. Conclusions drawn from his speculative theories are simply a memorable example of the results of bad abstractions founded on imperfect analysis, and on the neglect of essential elements.

16. The suggestions of thought flowing from Ricardo's language on the subject of wages, which are the hire of men, have been even more far-reaching and vicious than those flowing from his famous Theory of Rent, which is the hire of land. When the two theories are combined, the effect has been still farther to confuse the reason, and to demoralise the conscience. Although both kinds of hire have been, in one form or another, universal facts since the very beginnings of civilised society, yet the rise and growth of an infinite number of needs, desires, and tastes, other than those connected with the mere production of food, together with the consequent ever-increasing Division of Labour, have brought it about, that in some countries by far the largest number of men living on wages, are men not themselves directly concerned in agricultural production. Fundamental fallacies, therefore, affecting the position of this large and increasing class in all the industries of the world, must have a wider influence than fallacies which seem at first sight to affect specially, if not alone, the position of those who are engaged in one particular industry, which, in many places, has become less conspicuous than others. Now, the effect of Ricardo's language on wages may be summed up thus:—Men, in an economical point of view, must be regarded as producing machines. As with other machines, the great object is that these machines should themselves be produced and maintained cheaply. But men can only be produced abundantly and cheaply when their food is also abundant and cheap. When the price of food is low they can be bred and fed cheaply, and therefore also the exchangeable value of their labour will be cheap also. Thus wages must rise with dear food, and they must fall with cheap food. It must, therefore, be for the advantage of all the hirers of men that the price of food should be low, because a low price

of food will produce a low rate of wages. As all profits on trade and manufactures depend upon, and consist in, the surplus value of every service, and of every product, over its cost of production, it follows that those who live upon that surplus, and whose whole efforts are directed to secure it, must always have a direct interest in keeping down that rate of wages which is one main item in the cost of all production.

17. The rudeness and crudeness with which Ricardo preached this abstract doctrine is almost incredible. "There is no other way of keeping profits up but by keeping wages down," is one emphatic sentence which I have already quoted. On the face of it, this doctrine is repulsive, hard, harsh, and narrow; and we may well understand the effect of it upon those to whom this aspect of pretended science is not an aspect merely, but a frowning presence and a standing menace. The repulsiveness of it in the atmosphere of feeling is, however, less important than its fallacy in the light of reason. Fortunately, it can be proved to be false, as we shall see in another chapter, and as some of its foundations have already been proved to be rotten in the chapters which have gone before. But wherever this Ricardian doctrine is really accepted, and really followed to all its consequences, the effect is paralysing both to the intellect and to the heart. One immediate consequence seems inevitable—namely this,—that employers of manual labour never can have a common interest with those whom they may employ. They may indeed desire to get cheaper food for their workmen, but they can never do so for the purpose, or with the result, of enabling those workers to get a greater command over the comforts and conveniences of life. They can only do so for the purpose of keeping down that command to the lowest level compatible with continued breeding and bare subsistence. Then, if this be a natural law, as Ricardo represents it to be, it is a law which must tend to prevent wage-earners from ever benefiting from the general progress of industry and from the growing wealth of other classes of society. But as the instruments of production through which those other classes operate are (more largely than in their

own case) capital and brain-work in all its forms, one farther consequence must be, that wage-earners should come to regard these great agencies as their enemies and not their friends.

18. And were it not for the happy fact that these most erroneous and misleading abstract doctrines of Ricardo are always, and everywhere, being more or less constantly belied in the actual experience of life, whilst only in comparatively exceptional cases—due to other causes—is there even an apparent confirmation of them, such would long ago have been the universal temper and conviction of those whom we are accustomed to call the working classes. But even as it is, Ricardo's doctrines,—believed in and taught by many subsequent writers as indisputable truths,—have been, and continue to be, the basis of the wildest self-deceptions, and of the most insensate attacks upon the unseen foundations of society. And, indeed, if those foundations were really what they have thus been misrepresented to be, such attacks are only natural. This is a great lesson to all who write on such difficult and abstract subjects as the analysis of natural laws, but especially on the analysis of the most highly complex of all laws, viz.—those of economic science. Men who, from mere ignorance, or from the mind being led away by its own speculative faculties, or who, under the stimulus of suffering, or under the discontents of vice, are disposed to rebellion against the whole constitution and course of Nature, always find their account and discover their opportunity in every false, or even every faulty, conception as to what the true laws of that constitution really are. How rudely this taint affects the very breath of the whole world we live in at the present moment, may be seen not only in the incoherent and subversive theories which are abundant, but even in the casual headings in the newspapers. "Capital and Labour!" What can be more significant than such a suggested antagonism as this? As if capital were anything else than the storages of labour both bodily and mental in the past, and as if it were not also the chief support and incentive of ever renewed mental and bodily labour for the future!

19. And indeed the lines of insidious suggestion which radiate in many directions from the Ricardian doctrine as from a common centre, must lead to jealousy and dislike in the heart of every man who sees another man with any "advantageous difference" over himself—however purely innate, and, therefore, however divinely given, or however meritoriously attained that difference may be. Thus Possession in all its forms becomes an object of hatred, along with every institution which gives freedom to men, and recognises the results due to the inborn inequalities and varieties of their nature. Thrift would come to be regarded with jealousy, and, as the best means of banishing it, suggestions would arise that its fruits should be more and more taxed and confiscated by the State. Ricardo's doctrine about rent was merely one of the consequences of his fundamental fallacy, that every agency and instrument of production should be estimated by the one great object of so cheapening food for the benefit of manufacturers, that they might be able to get "labour" on the lowest possible terms. Even in this prejudiced point of view, his application of the doctrine to capital laid out in producing food, was, as we have seen, illogical in the last degree. To represent this outlay as the cause of dearness was an extraordinary, and almost an incredible, fallacy. This part of his erroneous teaching in respect to the very nature of Value, indeed, depended upon another, which has already been here fully analysed and exposed. But on the absurd supposition, which was his own, that the capital spent on securing Possession—the right of exclusive use over land—was not spent on anything needed for the cultivation of it, his position as to rent being a "surplus," was at least intelligible. It is less intelligible that other consequences of his doctrines did not occur to him. His view of rent happened to be the one consequence of his fallacious definitions, which he himself saw and was willing to adopt, although others which he did not see are quite as obvious. Some of these would assuredly have staggered him, and would have scared him, if he had seen them. They would have been fatal to the whole pursuits of his own life as a dealer in capital, and as a large profiter

by the "differential advantages" which the possession of it secures. But these other and most subversive deductions which he did not see have been, none the less, directly affiliated on his teaching, and are often expounded and defended entirely on the dicta which have been long widely accepted on the authority of him and of his school.

## CHAPTER XIII.

### A SPECIMEN OF EVOLUTION.

1. THERE are some advantages in being a citizen—even a very humble citizen—in the Republic of Letters. If any man has ever written anything on matters of serious concern, which others have read with interest, he will very soon find himself in contact with curious diversities of mind. Subtle sources of sympathy will open up before him in contrast with sources, not less subtle, of antipathy, and both of them are often interesting and instructive in the highest degree.

2. A good many years ago a friend of mine, whose opinion I greatly valued, was kind enough to tell me of his approval of a book which I had then lately published.* As he was a man of high literary culture, of pure taste, and naturally much more inclined to criticism than assent, his approval gave me pleasure. But being a man also very honest and outspoken, he took care to explain that his approval was not unqualified. He liked the whole book except one chapter, "in which," he added, "it seems to me there is a good deal of nonsense."

3. There was no need to ask him what that chapter was. I knew it very well. It could be none other than a chapter called "Law in Politics," which was devoted to the question how far, in human conduct and affairs, we can trace the Reign of Law in the same sense, or in a sense very closely analogous to that in which we can trace it in the physical sciences. There were several things in that chapter which my friend was not predisposed to like. In the first place he was an

* 'The Reign of Law,' now published by John Murray. I may here add that the friend referred to in this passage was my old colleague John Bright.

active politician, and such men are sure to feel the reasoning to be unnatural and unjust which tends to represent all the activities of their life as more or less the results of circumstance. In the second place, he was above all other things a Free Trader, and the governing idea of that school is that every attempt to interfere by law with anything connected with trade or manufacture is, without exception, a folly, if not a crime. Now, one main object of my "nonsense" chapter was to show that this doctrine is not true as an absolute and universal proposition. It drew a line between two provinces of legislation, in one of which such interference had indeed been proved to be mischievous, but in the other of which interference had been equally proved to be sometimes absolutely required. Legislation, it was shown, had been found to be wrong in all attempts to regulate the value or the price of anything. It is commonly supposed that the subsequent Irish Land Act of 1881 was a marked exception. But this is a misconception both of the aim and of the effect of that Act. It is true that it defied a good many economic laws, which were relegated to "Jupiter and Saturn" expressly for the occasion. But it is not true that it aimed at cheapening the price of farms in Ireland permanently or to any other persons than the actual holders of them at the time the Act was passed. To all future purchasers it rather aggravated the price than lowered it. Existing holders were directly stimulated and encouraged to put up their farms to the bidding of an open market, so as to realise the highest competitive price that can be possibly got from purchasers. The whole advantage given by the Act was given, and intentionally given, exclusively to existing holders, and none of it can be passed on to future purchasers. Even, therefore, if this Act could be accepted as either sound in principle, or having been practically successful in producing contentment, it is no exception to the general fact that legislation has steadily retreated from the attempt to regulate the price of anything. But, on the other hand, legislation, it was also shown, had been found, in extreme cases, to be right and necessary in defending the interests of life, health, and morals.

4. As a matter of historical fact, it was pointed out that during the present century there had been two steady movements on the part of Parliament—one a movement of retreat, the other a movement of advance. Step by step legislation had been abandoned in all endeavours to regulate directly interests purely economic ; whilst, step by step, not less steadily, legislation had been adopted more and more extensively for the regulation of matters in which certain higher interests were concerned. Moreover, I had ventured to represent both these movements as equally important—the movement in favour of Protection in one direction being quite as valuable as the movement against Protection in another direction. It was not in the nature of things that my friend should admit this equality, or even any approach to a comparison between the two movements. In promoting one of them he had spent his life, and the truths it represented were to him the subject of passionate conviction. Of the other movement he had been at best only a passive spectator, or had followed its steps with cold and critical toleration. To place them on anything like the same level as steps of advance in the science of government could not but appear to him as a proposition involving "a good deal of nonsense." But critics may themselves be criticised ; and sometimes authors are in the happy position of seeing behind both the praise and the blame they get. In this case I am unrepentant. I do indeed hold, with my old friend, that the freedom of the individual will is the fundamental law and condition of all progress. I am also firmly convinced that the social and political value of the principle which has led to the repeal of all laws for the regulation of price, is not greater than the value of the principle which has led to the enactment of some exceptional laws for the regulation of equally exceptional cases of labour affecting women and children. If the Factory Acts and many others of the like kind had not been passed, we should for many years have been hearing a hundred "bitter cries" for every one which assails us now, and the social problems which still confront us would have been much more difficult and dangerous than they are. My 'Nonsense' chapter was directed to indicate and

define—so far as it is possible to do so—the sphere of freedom, and the sphere of permissible and occasional interference.

5. Certain it is that if the train of thought which led up to this conclusion was distasteful to some minds, it turned out to be eminently attractive to many others. And of this, in 1879, I had a curious proof. From the other side of the world, and from a perfect stranger, there came a courteous letter accompanied by the present of a book. The author had read mine, and he sent his own. In spite of prepossessions with which he reckoned he had confidence in a candid hearing. The letter was from Mr. Henry George, and the book was *Progress and Poverty*. Both were then unknown to fame ; nor was it possible for me fully to appreciate the compliment conveyed until I found that the book was directed to prove that almost all the evils of humanity are to be traced to the very existence of landowners, and that by divine right land could only belong to everybody in general and to nobody in particular.

6. The credit of being open to conviction is a great credit, and even the heaviest drafts upon it cannot well be made the subject of complaint. And so I could not be otherwise than flattered when this appeal in the sphere of politics was followed by another in the sphere of physical science. Another author was good enough soon after to present me with his book ; and I found also that it was directed to prove that all the errors of modern physical philosophy arise from the prevalent belief that our planet is a globe. In reality it is flat—just as it seems to be, and the heavenly bodies circle round it—just as they seem to do. The Heliocentric theory of our system, so universally accepted, is a pure delusion. Elaborate chapters, and equally elaborate diagrams, were devoted to the proof. At first I thought that the argument was a joke, like Archbishop Whately's *Historic Doubts* on the credibility of the life and history of Napoleon Bonaparte. But I soon saw that the author was quite as earnest, and almost quite as eloquent, as Mr. Henry George. Later on, I heard of both these authors addressing public meetings with great success ; and considering that all obvious appearances and the language of common life are against the accepted doctrine of Copernicus, it was

perhaps not surprising to observe that the popular audiences which listened to the two reformers, were evidently almost as incompetent to detect the blunders of the one as to see through the logical fallacies of the other. But the Californian philosopher had one immense advantage. Nobody has any personal interest in believing that the world is flat. But many persons may have an interest, very personal indeed, in believing that they have a right to appropriate a share in their neighbour's vineyard.

7. There are, at least, a few axioms in life on which we are entitled to decline discussion, and one of these is the axiom that it is a waste of time to dispute truths which have long been settled by competent authority. And there are some truths on which no authority is so competent as the universal instincts of mankind. A practice and a doctrine which has been the practice and the doctrine of all mankind from before the earliest dawn of history, is a practice and a doctrine which we are safe in regarding as founded on the laws of nature. When a fact of human life has become so universally recognised as the very symbol of every blessing, that it has passed into the domain of familiar proverb or of typical representation, we may well afford to decline to discuss it with some speculative theorist who denies its truth. And so, when we find the prophet Jeremiah symbolising his prediction of the restoration of national prosperity to the Jews, by assuring them that he foresaw the time when "fields and houses and lands should again be possessed" by them as before, we may well refuse to listen to a man who tells us that this was really a prediction of an unutterable woe, and of the continuation of the one great cause of poverty in the world. Even the most sceptical minds have taken this course. The mind of Voltaire was certainly not disposed to accept without question any of the beliefs that underlay the rotten political system which he saw and hated. He was one of those who assailed it with every weapon, and who ultimately overthrew it. Amongst his fellows in that work there was a perfect revelry of rebellion and of unbelief. In the grotesque procession of new opinions which had begun to pass across the stage whilst he was still upon it, this

particular opinion against property in land had been advocated by the famous "Jean-Jacques." Voltaire turned his powerful glance upon it, and this is how he treated it: *—"*B.* Have you forgotten that Jean-Jacques, one of the fathers of the modern church, has said that the first man who dared to enclose and cultivate a bit of land was the enemy of the human race, who ought to be exterminated; and that the fruits of the earth belong to all, and that the land belongs to nobody? Have we not already examined together this beautiful proposition so useful to society? *A.* Who is this Jean-Jacques? He must be some Hun of a bold mind who has written this abominable folly—or some bad joker, a *buffo magro*, who has had a mind to ridicule that which to the whole world has been the most certain of all truths."

8. For my own part, however, I confess that the mocking spirit of Voltaire is not the spirit in which I am ever tempted to look at the fallacies of Communism. Apart altogether from the appeal which was made to me by this author, I have always felt the high interest which belongs to those fallacies, because of the protean forms in which they tend to revive and reappear, and because of the call they make upon us from time to time to examine and identify the fundamental facts which do really govern the condition of mankind. Two things were clear to me on reading the book. The first was that the writer's idea of the ownership of land was almost entirely founded on the special facts connected with it in a country in process of first settlement under very peculiar conditions. In California and other States of the Far West, he saw speculative purchasers buying land in great quantities as investments, for re-sale at a high profit when the rising stream of population should create a new market for it. This is, of course, a perfectly legitimate operation, and is directly contemplated as in the public interest by every new community which desires to make the most of its territory by holding out this inducement to settlement. It is the same in principle as the inducement, which tells upon the value of manual labour, and which leads men who have no capital except their own

* 'Dictionnaire Philosophique,' 1764, art. "Loi Naturelle."

muscles, to go to new countries, where the rising stream of population will confer new value on their strength and skill. But still it is the condition of ownership in law which brings most into notice this universal feature in all values—that they depend on the advent of a new, or of an increased demand. It was natural, therefore, that a theorist in California should see every objection and prejudice that can be arrayed against the operation of this law of Value as exhibited in the raw examples of a new country. Accordingly, it was evident that the writer had no conception of the continued outlays on land which have gone on for generations in old countries, and which have gradually incorporated centuries of equipment and of management with the bare original right of exclusive use over the soil.

9. But this was not the only speciality of the book which struck me at once, nor was it the most important. Another thing was clear. The whole conceptions of the book turned upon the Ricardian Theory of Rent, supplemented by the Ricardian Theory of Wages, and, moreover, upon an assumption without a question of the Ricardian Theory of Value in its crudest form. The value of everything is determined by the quantity of mere manual labour bestowed upon the production of it. But the Theory of Rent was the fulcrum, or the leverage, on which this new philosophy was to upset the world. That theory was swallowed whole—with all its fallacies unperceived, and with new ingredients of nonsense added in abundance. The obvious but empty truth that all values are indicated, and must be measured by their excess over some zero point or line, was represented as establishing the whole superstructure upon the solid basis of a "self-evident geometric axiom."* And the first stone of that superstructure was the fallacy which has been exposed, that of confounding the mere index of a fact with its origin and cause. The heat indicated by a thermometer standing at the temperature of blood in health or in fever, is caused by the existence of a scale which starts at a certain zero point. The existence of things with a very

* 'Progress and Poverty,' p. 150–1 (Author's edition, 1879).

low value—so low as to represent a minimum—is the cause of other things of the same kind having a higher value. Everything in the world that is poorest and lowest in its qualities "determines" the value of all similar things that have better and higher qualities. The poorest land that cannot be let out on hire at all, will be the cause, and reason, why richer land can be let at a good rent. If costermongers require donkeys, the existence of donkeys so weak and worn out as to be worth little or nothing more than the cost of their keep, will be the determining cause of the value of young and strong donkeys able to get through much work. This is the ever-memorable nonsense into which an axiomatic truth—a self-evident proposition—is turned by the whole Ricardian school. My Franciscan correspondent revels in it. He repeats with enthusiasm the dictum of J. S. Mill, that this Theory of Rent, or the price of hire, is the "pons asinorum"—the Asses' Bridge of political economy. And indeed we may all now agree with him. But in Euclid the "pons" is a good and solid bridge leading to new and good pastures of demonstrable truth, over which the "asini" can't see their way to pass; whereas, in the Ricardian Theory of Rent, it is a bridge over which the "asini" pass and repass continually without the slightest suspicion that it is rotten beneath their feet, and without seeing that it leads only to endless fields of barren thistles.

10. Mr. Henry George, whilst praising the unanimity with which all Ricardian economists have seen and expounded this Theory of Rent as applied to the hire of agricultural land, complains, justly, that they have not seen "its corollaries." * And this is most true. We have much to thank him for in showing what these "corollaries" really are. In particular he complains that they erred in confining the law to the case of land hired for the particular purpose of agricultural production. He insists that it applies equally to land in cities as well as to land in the country—to land hired for residence or for business, or for any other purpose whatever. And in this he is evidently right. Nay, more than this: it applies equally, if it be true at all, to all urban values of all kinds, to urban

* 'Progress and Poverty,' p. 153 (Author's edition, 1879).

wages, to urban salaries, and to urban profits—all of which are above the rates prevailing in rural districts. For if between two unequal values, one at, or close to, the zero line, and the other above it, the lowest is the "determining" cause of the higher,—then, as already shown, this "law" must apply to everything which possesses any value at all. Accordingly, Mr. Henry George, having the courage to face any "corollaries," however absurd, expressly extends the "law" to "all natural agencies." But "labour," whether bodily or mental, is a "natural agency." And accordingly, again, our theorist next joins together the Ricardian law of Rent, or the hire of land, to the Ricardian doctrine on Wages, or the hire of men, and pushes the two to a marvellous combined result. The effect of competition, he says, "is clearly this—to make the lowest reward for which either labour or capital will work at all, the highest also which they can claim or secure." But as neither "labour" nor "capital" can work anywhere without some land at least to stand upon, and to think upon, the same competition which lowers the level of remuneration for them, will raise the price they will be willing to pay for this mere standing and thinking ground. And so the inevitable course of things is that every increase of production tends more and more to be absorbed in the hire of land, after payment of the lowest possible rate of wages, and the lowest possible rate of interest on capital. All that is above that lowest level will "go to the owners of land" * in the form of rent.

11. It is an instructive fact as to the power of abstract fallacies over the human mind, that the glaring disparities between many of the most notorious facts of life, and these theoretical conclusions, should not have awakened the illogical dreamer to suspect, and to detect, the verbal fallacies on which alone his theory reposes. If it were true, it would follow that when industrial Conceivers find it pays them well to buy or to hire premises in some great centre of enterprise and business, such as London, the whole wages of the men they employ—perhaps in ships carrying goods all over the world—and the whole interest on the capital they invest, must have a constant

* 'Progress and Poverty,' p. 154 (Author's edition, 1879).

tendency to be absorbed in the rent they pay for their offices in the city. How ridiculously at variance with the experience of life this theoretical conclusion is, may be illustrated by the facts of a single case. I am personally acquainted with the details of a transaction by which a great commercial company acquired land in the City of London for building an office suitable for their purpose. They had to pay for it at the rate of more than half a million sterling per acre. But instead of this high price of urban land representing a burden which tended to absorb their profits, and to divert a large share of them into the pockets of the owners of the land, the total sum they expended on the purchase represented a mere fraction of their annual expenditure in wages, direct and indirect, and a percentage quite infinitesimal on the total of their capital. A total sum of £21,000 spent in the purchase of land, even at the most extravagant rate, was enough to satisfy the demands of a company which had millions at its credit. Mr. George's dictum that the Ricardian theory on land values must be extended from agricultural to urban land is perfectly true, and it is when we apply it to this very class of land, which is most limited in quantity and therefore highest in price, that the absurdity of his "corollaries" comes out in the most glaring light.

12. Ricardo was himself emphatically a "city man," and the effect of his surroundings has been fully recognised in his economic theories. But if he had seen the "corollary" which Mr. George asserts as following from his Theory of Rent, and from his Theory of Wages, he would indeed have had his eyes opened wide. He knew that he himself and thousands of other men were obliged to have some house-room in the City of London, and were so competing with each other that the price of Land was very high. The City of London and the City of New York are probably the two spots in the world where this price has been run up to the highest point by the same cause. But this fact, he would have known, instead of being the index of causes tending to depress wages, or the profits of capital, is, on the contrary, the index of causes tending to extend indefinitely the ever-widening circles of

commercial enterprise, and of multiplying in a corresponding degree all the opportunities of profitable employment, both for men and for money. He would have seen, as a notorious fact, that instead of all the higher values of wages or of capital getting more and more absorbed in the high price of the land on which the managers of enterprise must live, and calculate, and conceive designs, it happens, on the contrary, that in the total outlay of any great concern, the mere hire, or purchase of that land, however dear, becomes an item of comparative insignificance; and not only this, but that the high price given for the land was in itself due to the knowledge and calculation that such would be the result. Moreover, unless this calculation were generally verified, the price of the land would immediately fall to some lower level, at which some other calculation of the same kind would again find its general fulfilment.

13. And the reason of this is obvious to all whose feet are not always standing on the "pons asinorum" of Ricardian definitions. It is true, of course, that Competition among manual labourers, so far as it operates alone, does tend to lower wages. But competition among employers tends, on the contrary, to raise wages: and the high price of urban land is, of course, the direct effect of a keen competition among a large and ever-increasing body of conceivers and employers. And although this result is most conspicuous in that very case in which the price of land seems most extravagant, namely, urban land, we now know that the same law governs the relations between the value of agricultural land and the value of other sources of wealth and of employment. The tendency of free enterprise and free exchange all over the world is to evoke new opportunities of employment and new sources of profit. These, in their growing aggregate, steadily gain on the mere rent of land, and speedily overpass it immensely in amount among the many new sources of wealth which are developed.

14. It is needless to follow farther here the intellectual confusions which seem to be really fathomless in these wonderful developments of bad abstract definitions and conceptions.

But there are some others passing into the sphere of Ethics which deserve attention.

15. Never, perhaps, have communistic theories assumed a form more curious, or lent themselves to more fruitful processes of analysis, than in the writings of Mr. Henry George. These writings now include a volume on *Social Problems*, subsequently published. It represents the same ideas as those which inspire the work on *Progress and Poverty*. They are often expressed in almost the same words, but they exhibit some development and applications which are of high interest and importance. In this chapter I shall refer to both, but for the present I can do no more than group together some of the more prominent features of this new political philosophy.

16. In the first place, it is not a little remarkable to find one of the most extreme doctrines of Communism advocated by a man who is a citizen of the United States. We have been accustomed to associate that country with boundless resources, and an almost inexhaustible future. It has been for two centuries, and it still is, the land of refuge and the land of promise to millions of the human race. And among all the States which are there "united," those which occupy the Far West are credited with the largest share in this abundant present, and this still more abundant future. Yet it is out of these United States, and out of the one State which, perhaps, above all others, has this fame of opulence in natural resources, that we have a solitary voice, prophesying a future of intolerable woes. He declares that all the miseries of the Old World are already firmly established in the New. He declares that they are increasing in an ever-accelerating ratio,—growing with the growth of the people, and strengthening with its apparent strength. He tells us of crowded cities, of pestilential rooms, of men and women struggling for employments however mean, of the breathlessness of competition, of the extremes of poverty and of wealth—in short, of all the inequalities of condition, of all the pressures and suffocations which accompany the struggle for existence in the oldest and most crowded societies in the world.

17. We need not accept this picture as a perfectly accurate

representation of the truth. At the best it is a picture only of the darkest shadows with a complete omission of the lights. The author is above all things a Pessimist, and he is under obvious temptations to adopt this kind of colouring. He has a theory of his own as to the only remedy for all the evils of humanity: and this remedy he knows to be regarded with aversion both by the intellect and by the conscience of his countrymen. He can only hope for success by trying to convince Society that it is in the grasp of some deadly malady. Large allowance must be made for this temptation. Still, after making every allowance, it remains a most remarkable fact that such a picture can be drawn by a citizen of the United States. There can be no doubt whatever that at least as regards some of the greatest cities of the Union, it is quite as true a picture of them as it would be of the great cities of Europe. And even as regards the population of the States as a whole, other observers have reported on the feverish atmosphere which accompanies its eager pursuit of wealth, and on the strain which is everywhere manifest for the attainment of standards of living and of enjoyment which are never reached except by a very few. So far, at least, we may accept Mr. George's representations as borne out by independent evidence.

18. But here we encounter another most remarkable circumstance in Mr. George's books. The man who gives this dark —this almost black—picture of the tendencies of American progress is the same man who rejects with indignation the doctrine that population does everywhere tend to press in the same way upon the limits of subsistence. This, as is well known, is the general proposition which is historically connected with the name of Malthus, although other writers before him had unconsciously felt and assumed its truth. Since his time it has been almost universally admitted not as a theory but as a fact, and one of the most clearly ascertained of all the facts of economic science. But, like all Communists, Mr. George hates the very name of Malthus. He admits and even exaggerates the fact of pressure as applicable to the people of America. He admits it as applicable to the people of the

whole of Europe, and of India, and of China. He admits it as a fact as applicable more or less obviously to every existing population of the globe. But he will not allow the fact to be generalised into a law. He will not allow this—because the generalisation suggests a cause which he denies, and shuts out another cause which he asserts. But this is not a legitimate reason for refusing to express phenomena in terms as wide and general as their actual occurrence. We need not trouble ourselves about causes until we have clearly ascertained facts; but when these are clearly ascertained, let us record them fearlessly in terms as wide as the truth demands. If there is not a single population on the globe which does not exhibit the fact of pressure more or less severe on the limits of their actual subsistence, let us at least recognise this fact in all its breadth and sweep. The diversities of laws and institutions, of habits and of manners, are almost infinite. Yet amidst all these diversities this one fact is universal. Mr. George himself is the latest witness. He sees it to be a fact—a terrible and alarming fact, in his opinion—as applicable to the young and hopeful society of the New World. In a country where there is no monarch, no aristocracy, no ancient families, no entails of land, no standing armies worthy of the name, no pensions, no courtiers, where all are absolutely equal before the law, there, even there—in this paradise of Democracy, Mr. George tells us that the pressure of the masses upon the means of living and enjoyment which are open to them is becoming more and more severe, and that the inequalities of men are becoming as wide and glaring as in the oldest societies of Asia and of Europe.

19. The contrast between this wonderful confirmation of Malthusian facts, and the vehement denunciation of Malthusian "law," is surely one of the curiosities of literature. But the explanation is clear enough. Mr. George sees that facts common to so many nations must be due to some cause as common as the result. But, on the other hand, it would not suit his theory to admit that this cause can possibly be anything inherent in the constitution of Man, or in the natural System under which he lives. From this region, therefore, he

steadily averts his face. There are a good many other facts in human nature and in human conditions that have this common and universal character. There are a number of such facts connected with the mind, another number connected with the body, and still another number connected with the opportunities of men. But all of these Mr. George passes over—in order that he may fix attention upon one solitary fact—namely, that in all nations individual men, and individual communities of men, have hitherto been allowed to acquire bits of land and to deal with them as their own.

20. The distinction between Natural Law and Positive Institution is indeed a distinction not to be neglected. But it is one of the very deepest subjects in all philosophy, and there are many indications that Mr. George has dipped into its abysmal waters with the very shortest of sounding lines. Human laws are evolved out of human instincts, and these are among the gifts of nature. Reason may pervert them, and Reason is all the more apt to do so when it begins to spin logical webs out of its own bowels. But it may be safely said that in direct proportion as human laws, and the accepted ideas on which they rest, are really universal, in that same proportion they have a claim to be regarded as really natural, and as the legitimate expression of fundamental truths. Sometimes the very men who set up as reformers against such laws, and denounce as "stupid" * even the greatest nations which have abided by them, are themselves unconsciously subject to the same ideas, and are only working out of them some perverted application.

21. For here, again, we come upon another wonderful circumstance affecting Mr George's writings. I have spoken of Mr. George as a citizen of the United States, and also as a citizen of the particular State of California. In this latter capacity, as the citizen of a democratic government, he is a member of that government, which is the government of the whole people. Now, what is the most striking feature about

* This is the epithet applied by Mr. George to the English people, because they will persist in allowing what all other nations have equally allowed.

the power claimed by that government, and actually exercised by it every day? It is the power of excluding the whole human race absolutely, except on its own conditions, from a large portion of the earth's surface—a portion so large that it embraces no less than ninety-nine millions of acres, or 156,000 square miles of plain and valley, of mountain and of hill, of lake and river, and of estuaries of the sea. Yet the community which claims and exercises this exclusive ownership over this enormous territory is, as compared with its extent, a mere handful of men. The whole population of the State of California represents only the fractional number of 5·5 to the square mile. It is less than one quarter of the population of London. If the whole of it could be collected into one place they would hardly make a black spot in the enormous landscape if it were swept by a telescope. Such is the little company of men which claims to own absolutely and exclusively this enormous territory. Yet it is a member of this community who goes about the world preaching the doctrine, as a doctrine of Divine right, that land is to be as free as the atmosphere, which is the common property of all, and in which no exclusive ownership can be claimed by any. It is true that Mr. George does denounce the conduct of his own government in the matter of its disposal of land. But, strange to say, he does not denounce it because it claims this exclusive ownership. On the contrary, he denounces it because it ever consents to part with it. Not the land only, but the very atmosphere of California—to use his own phraseology—is to be held so absolutely and so exclusively as the property of this community, that it is never to be parted with except on lease and for such annual rent as the government may determine. Who gave this exclusive ownership over this immense territory to this particular community? Was it conquest? And if so, may it not be as rightfully acquired by any who are strong enough to seize it? And if exclusive ownership is conferred by conquest, then has it not been open to every conquering army, and to every occupying host in all ages and in all countries of the world, to establish a similar ownership, and to deal with it as they please?

22. It is at this point that we catch sight of one aspect of Mr. George's theory in which it is capable of at least a rational explanation. The question how a comparatively small community of men like the first gold-diggers of California and their descendants can with best advantage use or employ its exclusive claims of ownership over so vast an area, is clearly quite an open question. It is one thing for any given political society to refuse to divide its vacant territory among individual owners :—it is quite another thing for a political society, which for ages has recognised such ownership and has encouraged it, to break faith with those who have acquired such ownership, and have lived and laboured, and bought and sold, and bequeathed upon the faith of it. If Mr. George can persuade the State of which he is a citizen, and the government of which he is in this sense a member, that it would be best never any more to sell any bit of its unoccupied territory to any individual, by all means let him try to do so, and some plausible arguments might be used in favour of such a course. But there is a strong presumption against it and him. The question of the best method of disposing of such territory has been before every one of our great colonies, and before the United States for several generations ; and the universal instinct of them all has been that the individual ownership of land is the one great attraction which they can hold out to the settlers whom it is their highest interest to invite and to establish. The principle on which they act—consciously or unconsciously—has been that the land of a country is never so well "nationalised" as when it is committed to the ownership of men whose interest it is to make the most of it. In making the most of it for themselves, they must also be making the most of it for the colony. The colonists know that under no other inducement could men be found to clear the soil from stifling forests, or to water it from arid wastes, or to drain it from pestilential swamps, or to enclose it from the access of wild animals, or to defend it from the assaults of savage tribes. Accordingly their verdict has been unanimous ; and it has been given under conditions in which they were free from all traditions except those which they

carried with them as parts of their own nature, in harmony and correspondence with the nature of things around them. I do not stop to argue this question here ; but I do stop to point out that both solutions of it—the one quite as much as the other—involve the exclusive occupation of land by individuals, and the doctrine of absolute ownership vested in particular communities, as against all the rest of mankind. Both are equally incompatible with the fustian which compares the exclusive occupation of land to exclusive occupation of the atmosphere. Supposing that settlers could be found willing to devote the years of labour and of skill which are necessary to make wild soils productive, under no other tenure than that of a long "improvement lease," paying of course for some long period either no rent at all, or else a rent which must be purely nominal—supposing all this to be true, still equally the whole area of any given region would soon be in the exclusive possession, for long periods of time, of a certain number of individual farmers, and would not be open to the occupation by the poor of all the world. Thus the absolute ownership which Mr. George declares to be blasphemous against God and Nature, is still asserted on behalf of some mere fraction of the human race, and this absolute ownership is again doled out to the members of this small community, and to them alone, in such shares as it considers to be most remunerative to itself.

23. And here again, for the third time, we come upon a most remarkable testimony to facts in Mr. George's book, the import and bearing of which he does not apparently perceive. Of course the question whether it is most advantageous to any given society of men to own and cultivate its own lands in severalty or in common, is a question largely depending on the conduct and the motives and the character of governments, as compared with the conduct and the character and the motives of individual men. Then the further and the very formidable question arises whether, in the disposal and application of wealth, as well as in the acquisition of it, men are more pure and honest when they act in public capacities as members of a Government or of a Legislature, than when they act in private

capacities towards their fellow men? Is it not notoriously the reverse? Is it not obvious that men will do, and are constantly seen doing, as politicians, what they would be ashamed to do in private life? And has not this been proved under all the forms which government has taken in the history of political societies? Lastly, I will ask one other question: Is it not true that—to say the very least—this inherent tendency to corruption has received no check from the democratic constitutions of those many "new worlds" in which kings were left behind, and aristocracies have not had time to be established?

24. These are the very questions which Mr. George himself answers with no faltering voice; and it is impossible to disregard his evidence. He declares over and over again, in language of virtuous indignation, that government in the United States is everywhere becoming more and more corrupt. Not only are the Municipalities corrupt, but that last refuge of virtue even in the worst societies—the Judiciary—is by no means free from taint. As for men in public life—whose duty in many things is almost judicial—in none of the old countries of the world has the very name of "politician" fallen so low as in the democratic communities of America. The State legislatures, it is universally said, are largely bribable. Nor would it be true to say that it is the wealthy classes who have corrupted the constituencies. These—at least to a very large extent—are themselves corrupt. Probably there is no sample of the Demos more infected with corruption than the Demos of New York. Its management of the municipal rates had long been alleged to be a system of scandalous jobbery, and such accounts of it had reached me from many American friends, of the highest authority, that I confess they seemed to me almost incredible. But now this fact no longer rests on mere rumour, conjecture, or suspicion. It became so notorious and so scandalous, that in 1884 the Legislature of the State felt itself compelled to take up the question, and appointed a committee to investigate the truth. The result was the disclosure of a system of jobbery, pillage, and utter corruption, so desperate that the committee describe it as

"appalling." The words of the Report are these: "In hardly one office or department, irrespective of the political affiliation of the incumbents, did we find both honesty and efficiency; indeed the whole government of the city and county of New York, so far as we examined it, seemed to be in a condition that was absolutely appalling." * In no office was there found more corruption than in that of the Sheriff. The abuses there consisted "in repeated and flagrant instances of blackmail." In one department of it alone there was a "clean steal" of four thousand five hundred dollars for the previous year.† The capitalized value of the annual plunder was estimated at four millions of dollars.‡ It was not the corruption merely of officials, but of the whole mass of the democratic constituency, whose imposition and expenditure of the rates was entirely governed in the interests of systematic and universal plunder for themselves. Now, the wonderful thing is that of all this Mr. George is thoroughly aware. He sees it, he repeats it in every variety of form. Let us hear a single passage: §—

"It behoves us to look facts in the face. The experiment of popular government in the United States is clearly a failure. Not that it is a failure everywhere and in everything. An experiment of this kind does not have to be fully worked out to be proved a failure. But, speaking generally of the whole country, from the Atlantic to the Pacific, and from the Lakes to the Gulf, our government by the peopie has in large degree become, is in larger degree becoming, government by the strong and unscrupulous."

25. Again, I say that it is fair to remember that Mr. George is a Pessimist. But whilst remembering this, and making every possible allowance for it, we must not less remember that his evidence does not stand alone. In the United States, by citizens still proud of their country, and out of the United States, by representative Americans, I have been told of transactions within their own personal knowledge, which conclusively indicates a condition of things closely corre-

* 'New York City Government, Testimony and Report, 1884,' p. 2.
† *Ibid.*, p. 11.
‡ *Ibid.*, p. 2.
§ 'Social Problems,' p. 22.

sponding to the indictment of Mr. George. At the moment I am now writing, an article has appeared in one of those "Monthlies" which, in America, as in our own country, receive contributions of a high class, written in the same sense, by a man who was for two years member of the Common Council of the City of Boston, and is now Chairman of a special committee entrusted by his fellow-citizens to examine and report on their public institutions. In this paper it is broadly stated that bad and expensive government is so universal among American municipalities that no exceptions can be named except Washington and some cities in Florida, where the administration is withdrawn wholly from the influence of popular election and entrusted to Boards or Commissions appointed by the Governors of the States.* In the city of New York itself the remedy which has been tried, as I am informed, has also been a measure aiming at the same result —namely, the withdrawal of appointments to executive offices from the direct vote of the constituency and a vesting of all this kind of patronage in one responsible man. How far even this has been successful does not seem to be very certain. At all events, we cannot be wrong in our conclusion that it is not among the public bodies and Governments of the States of America that we are to look in that country for the best exhibitions of purity or of virtue.

26. Yet it is to these public bodies—legislative, administrative, and judicial, of which he gives us such an account—that Mr. George would confine the rights of absolute ownership in the soil. It is these bodies that he would constitute the sole and universal landlord, and it is to them he would confide the duty of assessing and of spending the rents of everybody all over the area of every State. He tells us that a great revenue, fit for the support of some such great rulers as have been common in the Old World, could be afforded out of one-half the "waste and stealages" of such Municipalities as his own at San Francisco. What would be the "waste and stealages" of a governing body having at its disposal the whole growing

* The 'Forum,' August 1892. "Municipal Government," pp. 788–9.

agricultural and mining wealth of such States as California and Texas, of Illinois and Colorado ?

27. But this is not all. The testimony which is borne by Mr. George as to what the governing bodies of America now are, is as nothing to the testimony of his own writings as to what they would be—if they were ever to adopt his system, and if they were ever to listen to his teaching. Like all Communists, he regards Society not as consisting of individuals whose separate welfare is to be the basis of the welfare of the whole, but as a great abstract Personality, in which all power is to be centred, and to which all separate rights and interests are to be subordinate. If this is to be the doctrine, we might at least have hoped that with such powers committed to Governments, as against the individual, corresponding duties and responsibilities towards the individual would have been recognised as an indispensable accompaniment. If, for example, every political society as a whole is an abiding Personality, with a continuity of rights over all its members, we might at least have expected that the continuous obligation of honour and good faith would have been recognised as equally binding on this Personality in all its relations with those who are subject to its rule. But this is not at all Mr. George's view. On the contrary, he preaches systematically not only the high privilege, but the positive duty of repudiation. He is not content with urging that no more bits of unoccupied land should be ever sold, but he insists upon it that the ownership of every bit already sold shall be resumed without compensation to the settler who has bought it, who has spent upon it years of labour, and who from first to last has relied on the security of the State and on the honour of its Government. There is no mere practice of corruption which has ever been alleged against the worst administrative body in any country that can be compared in corruption with the desolating dishonour of this teaching. In olden times, under violent and rapacious rulers, the Prophets of Israel and of Judah used to raise their voices against all forms of wrong and robbery, and they pronounced a special benediction upon him who "sweareth to his own hurt and changeth not." But the new

Prophet of San Francisco is of a different opinion. Ahab would have been saved all his trouble, and Jezebel would have been saved all her tortuous intrigues if only they could have had beside them the voice of Mr. Henry George. Elijah was a fool. What right could Naboth have to talk about the "inheritance of his fathers"? * His fathers could have no more right to acquire the ownership of those acres on the Hill of Jezreel than he could have to continue in the usurpation of it. No matter what might be his pretended title, no man and no body of men could give it:—not Joshua nor the Judges; not Saul nor David; not Solomon in all his glory—could "make sure" to Naboth's fathers that portion of God's earth against the undying claims of the head of the State, and of the representative of the whole people of Israel.

28. But now another vista of consequence opens up before us. If the doctrine be established that no faith is to be kept with the owners of land, will the same principle not apply to tenancy as well as ownership? If one generation cannot bind the next to recognise a purchase, can one generation bind another to recognise a lease? If the one promise can be broken and ought to be broken, why should the other be admitted to be binding? If the accumulated value arising out of many years, or even generations, of labour can be and ought to be appropriated, is there any just impediment against seizing that value every year as it comes to be? If this new gospel be indeed gospel, why should not this Californian form of "faith unfaithful" keep us perennially, and for ever "falsely true"?

29. Nay, more, is there any reason why the doctrine of repudiation should be confined to pledges respecting either the tenancy or the ownership of land? This question naturally arose in the minds of all who read with any intelligence *Progress and Poverty* when it first appeared. But the extent to which its immoral doctrines might be applied was then a matter of inference only, however clear that inference might be. If all owners of land, great and small, might be robbed, and ought to be robbed of that which Society had from time immemorial allowed them and encouraged them to acquire

* 1 Kings xxi. 3.

and to call their own; if the thousands of men, women, and children who directly and indirectly live on rent, whether in the form of returns to the improver, or of mortgage to the capitalist, or of jointure to the widow, or of portion to the children, are all equally to be ruined by the confiscation of the fund on which they depend—are there not other funds which would be all swept into the same net of envy and of violence? In particular, what is to become of that great fund on which also thousands and thousands depend—men, women, and children, the aged, the widow, and the orphan—the fund which the State has borrowed and which constitutes the Debt of Nations? Even in *Progress and Poverty* there were dark hints and individual passages which indicated the goal of all its reasoning in this direction. But men's intellects just now are so flabby on these subjects, and they are so fond of shaking their heads when property in land is compared with property in other things, that such suspicions and forebodings as to the issue of Mr. George's arguments would to many have seemed overstrained. Fortunately, in his later book he has had the courage of his opinions, and the logic of false premises has steeled his moral sense against the iniquity of even the most dishonourable conclusions. All National Debts are as unjust as property in land; all such Debts are to be treated with the sponge. As no faith is due to landowners, or to any who depend on their sources of income, so neither is any faith to be kept with bondholders, or with any who depend on the revenues which have been pledged to them. The Jew who may have lent a million, and the small tradesman who may have lent his little savings to the State—the trust-funds of children and of widows which have been similarly lent—are all equally to be the victims of repudiation. When we remember the enormous amount of the national debts of Europe and of the American States, and the vast number of persons of all kinds and degrees of wealth whose property is invested in these "promises to pay," we can perhaps faintly imagine the ruin which would be caused by the gigantic fraud recommended by Mr. George. Take England alone. About six hundred and ninety millions is the amount of her Public Debt. This

great sum is held by about 181,721 persons, of whom the immense majority—about 111,000—receive dividends amounting to £400 a year and under. Of these, again, by far the greater part enjoy incomes of less than £100 a year. And then the same principle is of course applicable to the debt of all public bodies; those of the Municipalities alone, which are rapidly increasing, now amount to something like 198 millions more.*

30. Everything in America is on a gigantic scale, even its forms of villainy, and the villainy advocated by Mr. George is an illustration of this as striking as the Mammoth Caves of Kentucky, or the frauds of the celebrated "Tammany Ring" in New York. The world has never seen such a Preacher of Unrighteousness as Mr. Henry George. For he goes to the roots of things, and shows us how unfounded are the rules of probity, and what mere senseless superstitions are the obligations which have been only too long acknowledged. Let us hear him on National Debts, for it is an excellent specimen of his childish logic, and of his profligate conclusions:—"The institution of public debts, like the institution of private property in land, rests upon the preposterous assumption that one generation may bind another generation. If a man were to come to me and say, 'Here is a promissory note which your great-grandfather gave to my great-grandfather, and which you will oblige me by paying,' I would laugh at him and tell him that if he wanted to collect his note he had better hunt up the man who made it: that I had nothing to do with my great-grandfather's promises. And if he were to insist upon payment, and to call my attention to the terms of the bond in which my great-grandfather expressly stipulated with his great-grandfather that I should pay him, I would only laugh the more, and be more certain that he was a lunatic. To such a demand any one of us would reply in effect, 'My great-grandfather was evidently a knave or a joker, and your great-grandfather was certainly a fool, which quality you

* These figures were taken from the returns of a few years ago. Any recent changes in detail are unimportant as regards the principle involved.

surely have inherited if you expect me to pay you money because my great-grandfather promised that I should do so. He might as well have given your great-grandfather a draft upon Adam, or a cheque upon the First National Bank of the Moon.' Yet upon this assumption that ascendants may bind descendants, that one generation may legislate for another generation, rests the assumed validity of our land titles and public debts." *

31. Yet even in this wonderful passage we have not touched the bottom of Mr. George's lessons in the philosophy of spoliation. If we may take the property of those who have trusted to our honour, surely it must be still more legitimate to take the property of those who have placed in us no such confidence. If we may fleece the public creditor, it must be at least equally open to us to fleece all those who have invested otherwise their private fortunes. All the other accumulations of industry must be as rightfully liable to confiscation. Whenever "the people" see any large handful in the hands of anyone, they have a right to have it,—in order to save themselves from any necessity of submitting to taxation.

32. Accordingly we find, as usual, that Mr. George has a wonderful honesty in avowing what hitherto the uninstructed world has been agreed upon considering as dishonesty. But this time the avowal comes out under circumstances which are deserving of special notice. We all know that not many years ago the United States was engaged in a civil war of long duration, at one time apparently of doubtful issue, and on which the national existence hung. I was one of those—not too many in this country—who held from the beginning of that terrible contest that "the North" were right in fighting it. Lord Russell, on a celebrated occasion, said that they were fighting for "dominion." Yes ; and for what else have nations ever fought, and by what else than dominion, in one sense or another, have great nations ever come to be? The Demos has no greater right to fight for dominion than Kings ; but it has the same. But behind and above the existence of

* 'Social Problems,' pp. 213–14.

the Union as a nation there was the further question involved whether, in this nineteenth century of the Christian era, there was to be established a great dominion of civilised men which was to have negro slavery as its fundamental doctrine and as the cherished basis of its constitution. On both of these great questions the people of the Northern States—in whatever proportions the one or the other issue might affect individual minds—had before them as noble a cause as any which has ever called men to arms. It is a cause which will be for ever associated in the memory of mankind with one great figure—the figure of Abraham Lincoln, the best and highest representative of the American people in that tremendous crisis. In nothing has the bearing of that people been more admirable than in the patient and willing submission of the masses, as of one man, not only to the desolating sacrifice of life which it entailed, but to the heavy burden of taxation which was inseparable from it. It is indeed deplorable—nothing I have ever read in all literature has struck me as so deplorable—that at this time of day, when by patient continuance in well-doing the burden has become comparatively light, and there is a near prospect of its final disappearance, one single American citizen should be found who appreciates so little the glory of his country as to express his regret that they did not begin this great contest by an act of stealing. Yet this is the case with Mr. Henry George. In strict pursuance of his dishonest doctrines of repudiation respecting public debts, and knowing that the war could not have been prosecuted without funds, he speaks with absolute bitterness of the folly which led the Government to "shrink" from at once seizing the whole, or all but a mere fraction, of the property of the few individual citizens who had the reputation of being exceptionally rich. If, for example, it were known that any man had made a fortune of a million of dollars, the Washington Government ought not to have "shrunk" from taking the whole—except the small fraction of one thousand out of the million—which remainder might, perhaps, by a great favour, be left for such support as it might afford to the former owner. And so by a number of seizures of this kind, all over the

States, the war might possibly have been conducted for the benefit of all at the cost of a very few.*

33. It may be worth while to illustrate how this would have worked in a single instance. When I was in New York, a few years ago, one of the sights which was pointed out to me was a house of great size and of great beauty both in respect to material and to workmanship. In these respects at least, if not in its architecture, it was equal to any of the palaces which are owned by private citizens in any of the richest capitals of the Old World. It was built wholly of pure white marble, and the owner, not having been satisfied with any of the marbles of America, had gone to the expense of importing Italian marble for the building. This beautiful and costly house was, I was further told, the property of a Scotchman who had emigrated to America with no other fortune and no other capital than his own good brains. He had begun by selling ribbons. By selling cheap, and for ready money, but always also goods of the best quality, he had soon acquired a reputation for dealings which were eminently advantageous to those who bought. But those who bought were the public, and so a larger and a larger portion of the public became eager to secure the advantages of this exceptionally moderate and honest dealer. With the industry of his race he had also its thrift, and the constant turning of his capital on an ever-increasing scale, coupled with his own limited expenditure, had soon led to larger and larger savings. These, again, had been judiciously invested in promoting every public undertaking which promised advantage to his adopted country, and which, by fulfilling that promise, could alone become remunerative. And so by a process which, in every step of it, was an eminent service to the community of which he was a member, he became what is called a millionaire. Nor in the spending of his wealth had he done otherwise than contribute to the taste and splendour of his country, as well as to the lucrative

* Mr. George's words are these: "If, when we called on men to die for their country, we had not shrunk from taking, if necessary, 999,000 dollars from every millionaire, we need not have created any debt."—'Social Problems,' p. 216.

employment of its people. All Nature is full of the love of ornament, and the habitations of creatures, even the lowest in the scale of being, are rich in colouring and in carving of the most exquisite and elaborate decoration. It is only an ignorant and uncultured spirit which denounces the same love of ornament in Man, and it is a stupid doctrine which sees in it nothing but a waste of means. The great merchant of New York had indeed built his house at great cost; but this is only another form of saying that he had spent among the artificers of that city a great sum of money, and had in the same proportion contributed to the only employment by which they live. In every way, therefore, both as regards the getting and the spending of his wealth, this millionaire was an honour and a benefactor to his country. This is the man on whom that same country would have been incited by Mr. Henry George to turn the big eyes of brutal envy, and to rob of all his earnings. It is not so much the dishonesty or the violence of such teaching that strikes us most, but its unutterable meanness. That a great nation, having a great cause at stake, and representing in the history of the world a life-and-death struggle against barbarous institutions, ought to have begun its memorable war by plundering a few of its own citizens—this is surely the very lowest depth which has ever been reached by any political philosophy.

34. And not less instructive than the results of this philosophy are the methods of its reasoning, its methods of illustration, and its way of representing facts. Of these we cannot have a better example than the passage before quoted, in which Mr. Henry George explains the right of nations and the right of individuals to repudiate an hereditary debt. It is well to see that the man who defends the most dishonourable conduct on the part of Governments defends it equally on the part of private persons. The passage is a typical specimen of the kind of stuff of which Mr. George's works are full. The element of plausibility in it is the idea that a man should not be held responsible for promises to which he was not himself a consenting party. This idea is presented by itself, with a careful suppression of the conditions which make it inapplicable

to the case in hand. Hereditary debts do not attach to persons except in respect to hereditary possessions. Are these possessions to be kept whilst the corresponding obligations are to be denied? Mr. George is loud on the absurdity of calling upon him to honour any promise which his great-grandfather may have made, but he is silent about giving up any resources which his great-grandfather may have left. Possibly he might get out of this difficulty by avowing that he would allow no property to pass from one generation to another—not even from father to son—that upon every death all the savings of every individual should be confiscated by the State. Such a proposal would not be one whit more violent, or more destructive to society, than other proposals which he does avow. But so far as I have observed, this particular consequence of his reasoning is either not seen, or is kept in the dark. With all his apparent and occasional honesty in confronting results, however anarchical, there is a good deal of evidence that he knows how to conceal his hand. The prominence given in his agitation to an attack on the particular class of capitalists who are owners of land, and the total or comparative silence which he maintains on his desire to rob fundholders of all kinds, and especially the public creditor, is a clear indication of a strategy which is more dexterous than honest. And so it may really be true that he repudiates all hereditary debt because he will also destroy all hereditary succession in savings of any kind. But it must be observed that even thus he cannot escape from the inconsistency I have pointed out, as it affects all public debts. These have all been contracted for the purpose of effecting great national objects, such as the preservation of national independence, or the acquisition of national territory, or the preparations needed for national defence. The State cannot be disinherited of the benefits and possessions thus secured, as individuals may be disinherited of their father's gains. In the case of national debts, therefore, it is quite clear that the immorality of Mr. George's argument is as conspicuous as the childishness of its reasoning.

35. But there are other examples, quite as striking, of the

incredible absurdity of his reasoning, which are immediately connected with his dominant idea about property in land. Thus much of his reasoning is founded on the notion that because all the natural and elementary substances which constitute the raw materials of human wealth are substances derived from the ground, therefore all forms of that wealth must ultimately tend to concentration in the hands of those who own the land. But this notion must strike a landowner as one worthy only of Bedlam. He may not be able at a moment's notice to unravel all the fallacies on which it rests, and he may even be able to see in it the mad mimicry of logic which deceives the ignorant. But it does not need to be a landowner to see immediately that the conclusion is an absurdity. We have only to apply this notion in detail in order to see more and more clearly its discrepancy with fact. Thus, for example, we may put one application of it thus: All houses are built of materials derived from the soil, of stone, of lime, of brick, or of wood, or of all three combined. But of these materials three are not only products of the soil, but parts of its very substance and material. Clearly it must follow that the whole value of house property must end in passing into the hands of those who own these materials, quarries of building stone, beds of brick-earth, beds of lime, and forests. Unfortunately for landowners, this wonderful demonstration does not, somehow, take effect.

36. But Mr. Henry George's processes in matters of reasoning are not more absurd than his assumptions in matters of fact. The whole tone is based on the assumption that owners of land are not producers, and that rent does not represent, or represents only in a very minor degree, the interest of capital. Even an American ought to know better than this; because, although there are in some parts of the United States immense areas of prairie land which are ready for the plough with almost no preliminary labour, yet even in the New World the areas are still more immense in which the soil can only be made capable of producing human food by labour the hardest and the most prolonged. But in the old countries of Europe, and especially in our own, every landowner knows well, and

others ought to know a little, that the present condition of the soil is the result of generations of costly improvements, and of renewed and reiterated outlays to keep these improvements in effective order. Yet on this subject I fear that many persons are almost as ignorant as Mr. Henry George. My own experience now extends over a period of the best part of half a century. During that time I have built more than fifty homesteads complete for man and beast ; I have drained and reclaimed many hundreds, and enclosed some thousands, of acres. In this sense I have "added house to house and field to field," not—as pulpit orators have assumed in similar cases—that I might "dwell alone in the land," but that the cultivating class might live more comfortably, and with better appliances for increasing the produce of the soil. I know no more animating scene than that presented to us in the essays and journals which give an account of the agricultural improvements effected in Scotland since the close of the Civil Wars in 1745. Thousands and thousands of acres have been reclaimed from bog and waste. Ignorance has given place to science, and barbarous customs of immemorial strength have been replaced by habits of intelligence and of business. In every county the great landowners, and very often the smaller, were the great pioneers in a process which has transformed the whole face of the country. And this process, in spite of much discouragement, is still in full career. If I mention again my own case, it is because I know it to be only a specimen, and that whilst some others have been working on a still larger scale a vast number more have been working on a smaller scale indeed, but in quite as large a proportion to their means. Since Mr. George did me the honour of sending to me a book assuming that landowners are not producers, I have found on inquiry, that I have spent on one property alone during my own tenure the sum of 240,000*l.* on purely agricultural improvements, that is to say, on reclamation of the soil, on its drainage and on its buildings. Moreover, I know that this outlay on my own part, and similar proportionate outlay on the part of my neighbours, so far from having any power, or even any tendency to absorb and con-

centrate in our hands all other forms of wealth, is on the contrary falling more and more behind other kinds of investment, and has been unable to secure anything like the return in rent which the same capital would have won—and won easily—in many other kinds of enterprise, as interest or as profits. Other forms of wealth, and other sources of income, instead of diminishing in comparison with agricultural rent, have been gaining on it enormously. For all this vast and continuous outlay on land, of which statistics take no note whatever, and which seems to be entirely unknown to writers otherwise well-informed, is an outlay which has now for many years been undertaken in the face of falling rents due to a decline in the value of products. From no other source of income whatever does so large a proportion go out again in the form of reproductive labour. It has been ascertained that in the county with which I am chiefly connected, not less than 60 per cent. of the total income is otherwise expended than on the personal enjoyments of those to whom rent is paid. I am in possession of authentic information that on one great estate in England the outlay on improvements purely agricultural had, for twenty-one years previous, been at the rate of 35,000*l.* a year, whilst, including outlay on churches and schools, it has amounted in the last forty years to nearly 2,000,000*l.* sterling. To such outlays landowners are incited very often, and to a great extent, by the mere love of improvement in itself—the pleasure of seeing a happier landscape and a more prosperous people. From much of the capital so invested they often seek no return at all, and from very little of it indeed do they ever get a high rate of interest. And yet the whole—every farthing of it—goes directly to the public advantage. Production is increased in full proportion, although the profit on that production is smaller and smaller to the owner. There has been grown more corn, more potatoes, more turnips ; there has been produced more milk, more butter, more cheese, more beef, more mutton, more pork, more fowls, and eggs, and all these articles in direct proportion to their abundance have been sold at lower prices to the people. When a theorist tells me, and argues on steps

of logic which he boasts as irrefutable, that in all this I and others have been serving no interests but our own—nay, more, that we have been but making "the poor poorer" than they were—I know very well that, whether I can unravel his fallacies or not, he is talking the most arrant nonsense, and must have been led to his conclusions by some extraordinary combination of fallacies and of fanatical delusions.

37. And here, again, we have a new indication of what these delusions are—in one great assumption of fact, and that is the assumption that wealth has been becoming less and less diffused—"the rich richer, the poor poorer." It did not require the recent elaborate and able statistical examination of Mr. Giffen to convince me that this assumption is altogether false. It is impossible for any man to have been a considerable employer of labour during a period embracing more than one generation, without his seeing and feeling abundant evidence that all classes have partaken in the progress of the country, and no class more extensively than that which lives by manual labour. He must know that wages have more than doubled—sometimes a great deal more—whilst the continuous remission of taxes has tended to make, and has actually made almost every article of subsistence a great deal cheaper than it was thirty years ago. And outside the province of mere muscular labour, amongst all the classes who are concerned in the work of distribution or of manufacture, I have seen around me, and on my own property, the enormous increase of those whose incomes must be comfortable without being large. The houses that are built for their weeks of rest and leisure, the furniture with which these houses are provided, the gardens and shrubberies which are planted for the ornament of them; all of these indications, and a thousand more, tell of increasing comfort far more widely if not universally diffused.

38. And if personal experience enables me to contradict absolutely one of Mr. George's assumptions, official experience enables me not less certainly to contradict another. Personally I know what private ownership has done for one country. Officially I have had only too good cause to know what State

ownership has failed to do for another country. India is a country in which, theoretically at least, the State is the only and the universal landowner, and over a large part of it the State does actually take to itself a share of the gross produce which fully represents ordinary rent. Yet this is the very country in which the poverty of the masses is so abject that millions live only from hand to mouth, and when there is any —even a partial—failure of the crops, thousands and hundreds of thousands are in immediate danger of actual starvation. Whatever may be the evils alleged against what is called "Capitalism," they have not been prevented in Bengal. On the contrary, they have been developed in their worst form, for the very reason that stupid and archaic customs have been perpetuated in that "unchanging East" as a necessary consequence of capital and the direction of it, becoming engrossed by men who have not the interest, and are not stimulated by the motives, which tell on the full ownership of more advanced and civilised countries. The indispensable functions of capital are then discharged by the usurious money-lender, called the "mahājan"—the "gombeen man" of Ireland—who keeps the cultivator alive by yearly advances bearing interest at the rate of 50 per cent.* It has been the same all over the world, except when the functions of capital have fallen into the hands of men who, as full owners, are identified in interest with the increase of production and the permanent improvement of the soil. These are inseparable from a corresponding improvement of the people. Mere rent-chargers never can have the same motives to improve, and to sacrifice immediate enjoyments for the sake of increasing produce in the future. Still less can there be any inducement to do so on the part of men between whom and full ownership other rent-chargers stand in ranks, sometimes two, three, and five, deep. The Indian Government is not corrupt—whatever other failings it may have—and the rents of a vast territory can be far more safely left to its disposal than they could be left at the disposal of such popular governments as those which Mr. George has denounced on the American Continent.

* 'The Aryan Village in India and Ceylon.' By Sir J. Phear, pp. 63–4.

Yet somehow the functions and duties which in more civilised countries are discharged by the institution of private ownership in land, are not discharged by the Indian Administration. Moreover, I could not fail to observe, when I was connected with the Government of India, that the portion of that country which has most grown in wealth is precisely that part of it in which the Government has parted with its power of absorbing rent by having agreed to a Permanent Settlement.

39. Many Anglo-Indian statesmen have looked with envious eyes at the comparative wealth which has been developed in Lower Bengal, and have mourned over the policy by which the State has been withheld from taking it into the hands of Government. And, undoubtedly, that wealth has not been accumulated in the best hands. But there are two questions which have always occurred to me when this mourning has been expressed—the first is whether we are quite sure that the wealth of Lower Bengal would ever have arisen if its sources had not been thus protected ; and the second is whether even now it is quite certain that any Governments, even the best, spend wealth on the whole better for the public interests than those to whom it belongs by the natural processes of acquisition. These questions have never, I think, been adequately considered. But whatever may be the true answer to either of them, there is at least one question on which all English statesmen have been unanimous —and that is, that promises once given by the Government, however long ago, must be absolutely kept. When landed property has been bought and sold and inherited in Bengal for some three generations—since 1793—under the guarantee of the Government that the Rent Tax upon it is to remain at a fixed amount, no public man, so far as I know, has ever suggested that the public faith should be violated. And not only so, but there has been a disposition even to put upon the engagement of the Government an overstrained interpretation, and to claim for the landowners who are protected under it an immunity from all other taxes affecting the same sources of income. As Secretary of State for India I had to deal with this question along with my colleagues in the Indian Council,

and the result we arrived at was embodied in a despatch which laid down the principles applicable to the case so clearly that in India it appears to have been accepted as conclusive. The Land Tax was a special impost upon rent. The promise was that this special impost should never be increased; or, in its own words, that there should be no "augmentation of the public assessment in consequence of the improvement of their estates." It was not a promise that no other taxes should ever be raised affecting the same sources of income, provided such taxes were not special, but affected all other sources of income equally. On this interpretation the growing wealth of Bengal accruing under the Permanent Settlement would remain accessible to taxation along with the growing wealth derived from all other kinds of property, but not otherwise. There was to be no confiscation by the State of the increased value of land, any more than of the increased value of other kinds of property, on the pretext that this increase was "unearned." On the other hand, the State did not exempt that increased value from any taxation which might be levied also, and equally, from all the rest of the community. In this way we reconciled and established two great principles which to shortsighted theorists may seem antagonistic. One of these principles is that it is the interest of every community to give equal and absolute security to every one of its members in his pursuit of wealth; the other is that when the public interests demand a public revenue, all forms of wealth should be equally accessible to taxation.

40. It would have saved us all, both in London and in Calcutta, much anxious and careful reasoning if we could only have persuaded ourselves that the Government of 1793 could not possibly bind the Government of 1870. It would have given us a still wider margin if we had been able to believe that no faith can be pledged to landowners, and that we had a divine right to seize not only all the wealth of the Zemindars of Bengal, but also all the property derived from the same source which had grown up since 1793, and has now become distributed and absorbed among a great number of intermediate sharers, standing between the actual cultivator and the

representatives of those to whom the promise was originally given. But one doctrine has been tenaciously held by the "stupid English people" in the government of their Eastern Empire, and that is, that our honour is the greatest of our possessions, and that absolute trust in that honour is one of the strongest foundations of our power.

41. In this chapter a simple record and exposure of a few of the results arrived at by Mr. Henry George has been all that I intended to accomplish. To see what are the practical consequences of any train of reasoning is so much gained. And there are cases in which this gain is everything. In mathematical reasoning the "reduction to absurdity" is one of the most familiar methods of disproof. In political reasoning the "reduction to iniquity" ought to be of equal value. And if it is not found to be so with all minds, this is because of a peculiarity in human character which is the secret of all its corruption, and of the most dreadful forms in which that corruption has been exhibited. In pursuing another investigation I have had occasion to observe upon the contrast which, in this respect, exists between our moral and our purely intellectual faculties.* Our Reason is so constituted in respect to certain fundamental truths that those truths are intuitively perceived, and any rejection of them is at once seen to be absurd. But in the far higher sphere of Morals and Religion, it would seem that we have no equally secure moorings to duty and to truth. There is no consequence, however hideous or cruel its application may be, that men have been prevented from accepting because of such hideousness or of such cruelty. Nothing, however shocking, is quite sure to shock them. If it follows from some false belief, or from some fallacious verbal proposition, they will entertain it, and sometimes will even rejoice in it with a passionate fanaticism. It is a fact that none of us should ever forget that the moral faculties of Man do not as certainly revolt against iniquity as his reasoning faculties do revolt against absurdity. All history is crowded with illustrations of this distinction, and it is the only explanation of a

* 'Unity of Nature,' chap. x. pp. 440-5. (John Murray.)

thousand horrors. There has seldom been such a curious example as the immoral teachings of Mr. Henry George. Here we have a man who probably sincerely thinks he is a Christian, and who sets up as a philosopher, but who is not the least shocked by consequences which abolish the Decalogue, and deny the primary obligations both of public and of private honour. This is a very curious phenomenon, and well deserving of some closer investigation. What are the erroneous data—what are the abstract propositions—which so overpower the Moral Sense, and coming from the sphere of Speculation, dictate such flagitious recommendations in the sphere of Conduct? To this question some answer has been given in the previous chapters, and some further answer will be given in the chapters that follow—not with exclusive reference to the writings of one man, but with reference to the writings of many others who have tried to reduce to scientific form the laws which govern the social developments of our race, and who, in doing so, have forgotten—strangely, and constantly forgotten—some of the most fundamental facts of Nature.

## CHAPTER XIV.

### "THE WAGES FUND THEORY."

1. THE famous "Wages Fund Theory" arose almost accidentally, from the simple fact that wages in every industrial enterprise are generally, if not always, in the first instance at least, paid "out of" capital—that is to say, out of money, or money's worth, which has been previously saved from income, has been stored for the purposes of increased production, and is actually so employed.

2. As regards each individual case, we all know as a matter of familiar observation that such is the actual experience of life. A man has saved out of wages, or out of some other source of income, let us say, a thousand pounds. On this capital he starts on a small scale in some trade or manufacture, and the outlay which he can afford to spend on wages must come at first "out of" this fund. That is to say, until profits begin to come in, he must use his thousand pounds for paying the wages of any men whom he may need to hire. And it must be remembered that there are many conspicuous cases in which no profits or returns whatever can ever even begin to come in until the whole work of manual labour has been completed. This is the case with the oldest and most universal industry of the world—the industry of agriculture. The husbandman has to "wait for the precious fruit of the earth," and must "have long patience for it."* All the manual labour spent upon it must be paid "out of" a confident anticipation of the results of a future harvest. And as it is with this oldest industry in the world, so is it also with the latest

* Jas. v. 7.

development of modern enterprise. It is the case with all railway work, with all ship-building work, with all canals, docks, &c. In all these cases the wages are paid, in the first place, out of capital. But let us note that in all of them the wages are only so paid because of the anticipation of returns confidently expected when the work is done. It is, therefore, a mere advance. It represents a value actually received, and that value entirely depends upon, and essentially consists in that sense of security without which no confident anticipations can arise in anything. It is "out of" these that the wages are really paid; and if they are not fulfilled, the wages will cease to be paid at all. This is the neglected element which vitiated the Wages Fund Theory as it came to be handled in the school of Mill. As usual in all such bad generalisations, the mere outward and mechanical sense in which wages were visibly paid "out of" an already existing purse of money, engrossed the whole attention of those who set up, and who used, the theory. They thought of nothing but the mere fingering of a hoard of coin. We have only to generalise this crude idea, and to apply this maimed conception to the whole manual labour of society, and then we get the Wages Fund Theory full-blown. For thus we get to think of all the capital of the country, or perhaps even of the world, as consisting of an aggregate of similar sums, all as definite in origin and in amount as the individual sum of a thousand pounds which we have taken as an illustration, and which has suggested the conception. And so the established dogma among English economists came to be that the only source of wages is a certain amount of money which, at least as regards any particular time and country, is a fixed and determined quantity. This sum was supposed to constitute a "fund" which could neither be increased nor diminished by any action or effort of the classes whose hire comes out of it, or indeed any other class, except by the further accumulation of the "Fund" in the course of time.

3. Ricardo is not responsible for this theory, although incidentally he used expressions which probably suggested it, and certainly were capable of being fitted into it. He spoke of

the "funds required for the support" of an increasing population,* and again of the "funds for the maintenance of labour."† These, however, are, or may be, perfectly harmless words, unless the expression "funds" be too literally interpreted. Ricardo evidently used it only in a general sense, as expressing everything included under "the powers of production" in a young and prosperous community. But in the hands of J. S. Mill the expression took a new development, and the mechanical idea of a "Fund" of capital, fixed and definite in amount, assumed such form and shape that among his followers it became what we have defined it to be. He was the author of it as a phrase, and he was the conceiver of its meaning, for he laid it down that wages depend on "the number only of the labouring class . . . who work for hire," and on "the aggregate of what may be called the Wages Fund of a country," which is specified as consisting in that "part of circulating capital . . . which is expended in the direct purchase of labour." And Mill expressly adds "Wages (meaning, of course, the general rate) cannot rise, but by an increase of the aggregate funds employed in hiring labourers, or a diminution in the number of the competitors for hire; nor fall except either by a diminution of the funds devoted to paying labour, or by an increase in the number of labourers to be paid." ‡ These passages clearly point to the conception of a definite sum of money, and nothing else, as the Wages Fund.

4. Although Mill himself abandoned this theory during the later years of his life, and although now it is generally repudiated, it did much harm for many years in the prejudice which it raised against what was assumed to be the teaching of economic science on one of the very largest of its subjects, and one touching the interests and feelings of the most numerous class in every society. And it is always to be remembered that the mere abandonment of a theory of this kind does not at once, or even speedily, counteract the mischief it may have done. The mere dropping of a false theory of this

* Works, p. 54. † *Ibid.*, p. 59.

‡ Mill's 'Principles,' vol. i. bk. ii. ch. xi. pp. 409, 410.

kind is not enough—unless we can see and can fully trace wherein the fallacy consisted. Economic writers on the Continent never adopted the Wages Fund Theory, and one of the most distinguished of living authors in France has pronounced it to be a "veritable myth," invented in England, and suggested by the demands of the Ricardian theory of wages;* and indeed, unless we can substitute a new and corrected theory in its stead, we may still leave economic science—if not exposed to the same prejudice as before, at least—powerless to afford any help to men in the interpretation of the most important of all facts, and in the understanding of the most widely operative of all natural laws. Accordingly, we find the French author above referred to declaring that "the whole theory of wages in economic science requires to be reconstructed." This is most true. But in any attempt at reform on the subject there is perhaps no better method than to trace and identify the errors which were involved in the theory now abandoned.

5. It may be well, therefore, to look at this old Wages Fund Theory of Mill with some care. And when we do so it comes out as a typical example of the "Capital-Letter Fallacy." Under cover of a two-worded phrase, one of the words, the single word, "funds"—used almost accidentally, and metaphorically, for a great variety of "productive powers"—is seized upon and becomes current in its narrowest and most mechanical sense. The little bit of mere analogy on which its original use was founded, is thoughtlessly taken as representing an all-important identity of principle. The almost infinite variety of causes and sources of "productive power" which do not fit easily into the idea of a "fund" literally understood, are thus cast aside and put entirely out of view. Attention is engrossed by the most materialistic aspect under which capital can be conceived of and defined, until at last, all the actual and potential energies of men under every kind of stimulus, and of every kind of opportunity, are all eliminated, so that nothing is left but the one bald

* P. Leroy-Beaulieu, 'Répartition des Richesses,' p. 380.

image of a "Fund" standing to the credit of a Bank Account.

6. I have said in the earlier part of this work that the true condemnation of many of the theories of the older school is not they are too abstract, but that they are bad abstracts of the facts of nature. In this case, however, of the Wages Fund Theory, it really is true that the fallacy of it lies, almost entirely, in its excessive abstractedness. Some metaphysical writers when they wish us to understand certain difficult conceptions to which they attach great importance, tell us that we are to "think away"—this, that, and the other, element which they wish to get rid of. This injunction is all very well so long as the things which we are to "think away" are really adventitious, and of no essential value. But if the elements of which we are thus to get rid by "thinking them away," happen to be of high importance, and perhaps may even be among the most essential of all the elements concerned—then the operation to which we are invited becomes not a little dangerous. What remains after our intentional obliteration of the things thus dismissed, may be a mere residue of dregs—useless for any purpose except self-deception.

7. And so it is in this case. The mere general idea of a "Wages Fund" is not necessarily a false idea, provided we understand the word "fund" to be used metaphorically—as we might apply it, and do sometimes actually apply it, to some of the vast and inexhaustible storages of natural energy or power. Men speak of a fund of humour, and a fund of common sense, and of a fund of wit, and more largely still, of a fund of genius. And so—passing from the qualities and powers of individual men and rising to the whole system of things in which we live—we might think and speak of the Sun as our great central source and "fund" of heat, light, and magnetic force. The phrase is not open to objection merely because it suggests the idea of sources of supply which are limited. There is no harm in this suggestion, but rather good, because this idea is a true one, and of universal application. That character of limitation and of ultimate exhaustibility which is essential in the idea of a "fund," is

inseparable from our very conception of every visible centre and source of causation, or of influence, which exists in our world. There is no such source or centre on which drafts can be made, unlimited as to amount, or for ever as to time. In every group of things, whether they be grouped only by the mind as an abstract conception, or whether they are grouped by external nature into a visible and bounded form—the units of which the group consists must be in number determinate, although they may not be by us determinable. They must all be countable, even though we can never count them. They must be exhaustible, though we may not be able to exhaust them. What has to be specially noted in the case of the true source of wages is not the mere fact of any limitation in respect to quantity, but the extreme tenderness and delicacy of it in respect to quality. It is a source existing only in the minds of men. It depends altogether on the stability of the conditions under which confident expectations can be formed. So long as these conditions are secure, the motives which encourage men to employ the services of others may be practically inexhaustible. But, on the other hand, they may be quenched at once and for ever if the stability of those conditions is shaken. The motives of men as regards industrial undertakings are not infinite; but they are indefinitely great and numerous. In this very wide and very abstract sense, therefore, it might be perfectly legitimate to think and speak of a "Wages Fund," as a highly generalised expression for the aggregate of all the various and complicated causes which determine the exchangeable value of the manual labour of one set of men when hired for the service of another. But there is immense danger in such expressions from the deceptive power of words over those who use them. The metaphorical sense is apt to become forgotten, and the bare literal interpretation to survive alone.

8. And this danger is always greatest where there is a vast distance between the literal or primary meaning of the words used, and the sense in which the expression as a whole is, as it were, lifted out of it. Hence the idea of the source of all wages being a "fund" shrinks and dwindles into the poor

conception that they come from mere sums of money like those hoarded by some old woman in a stocking. Even the large word "capital," having really, in economic science, a wide range of meaning, lends itself in common use to the same misconception, and the dictum that wages are "paid out of capital" is a dictum full of neglected elements. From the first it was unpopular with the classes whose sources of income were thus represented in a light so little consonant with the just sense they entertained of the large contribution they made to their own wealth, and to the wealth of society. But though the author of the phrase "Wages Fund," J. S. Mill, himself gave it up in his latest writings, and although the theory has been justly pronounced by Professor Marshall to be, in its narrow sense, "not true," it is well open to doubt whether even the widest form of the conception it represents does not still exercise a vicious influence over our appreciation of all the facts and laws upon which wages really depend. It may be well, therefore, to bestow on this great subject some farther close attention.

9. In the first place, then, we have to guard against the deceptive influence of a distinctive word which has no other distinctive meaning than one which is a mere convenience in sub-classification. Wages are nothing else than one particular form of income, and income of every kind always is, and always must be, derived from some service rendered to others. That service may be direct or indirect—direct through the lending of brains or of hands to some valuable use,—indirect through the lending of the storages of such labour which have been saved for the purpose. In economic principle there is no distinction whatever, for example, between wages of all kinds and salaries of all kinds. The only distinction is in the purely incidental circumstance of the length of interval between work and payment. The hire of labour which is paid weekly or monthly, is called wages; the hire which is paid quarterly, or half-yearly is called a salary. There is indeed one other difference, not definable by any sharp bounding line, namely this—that, for the most part, the mental element predominates in the work done for salaries as compared with the work done for wages.

But the infinite variety of degrees in which mental and muscular work are allied and combined in different kinds of skill, and in different classes of employment, makes this difference between wages and salaries a most indefinite and intangible distinction.

10. The same analysis, when pushed farther, reduces, in the same way, into the same great category all kinds of income whatever. Interest on capital, and profit on the employment of it, whether in land, or in houses, or in manufactures, or in trade, although each of them may have many different incidents, have also many more incidents in common, and are absolutely united in their ultimate roots and sources. In this, as in many other cases, the English language, through colloquial usage, has drifted much. In the English of the Bible, the word "wages" is used for all earnings in return for all kinds of work and service, whether good or bad; as in the text, "The wages of sin is death," * whilst also it is worthy of remark that the word "profit" has in Bible English a higher and nobler meaning than is now assigned to it in economic use; for in that nobler meaning it signifies not the mere surplus of money received over money laid out, but the surplus of all "weal" over what we now understand as mere wealth. "Riches profit not in the day of wrath" † is one of the texts which illustrate well this great change. This higher sense of the word profit cannot now be restored, since it has come to be so universally appropriated to the balance over cost left to the credit of any monetary transaction. But these drifts downwards in the meaning of words, are significant of corresponding drifts of mind, and especially of the wrong direction often taken by those largest and most general concepts of abstract thought which, when better directed, are the noblest products of our instinctive intellectual work. The breaking up, and breaking down, of these great abstract concepts under the temptations of mere convenience in classification, is one of the calamities of speech, and an abounding source of that neglect of essential elements in

* Rom. vi. 23. † Prov. xi. 4.

scientific analysis which is the most fertile of all sources of error.

11. Setting aside, then, the mere colloquial conveniences of a superficial sub-classification, we see plainly that in thinking and speaking of a "Wages Fund" we are really thinking and speaking of the sources of all income, or in other words of all wealth. And thus we are brought round again, by another route, face to face with the conclusion which astonished Jevons so much when he came to see it, but which even J. S. Mill was obliged to admit when it was forced upon him—the conclusion, namely, that rent, and profit, and wages, and every kind of return derived from the use of any "differential advantages" of one man over another, are all reducible to the same principle and are governed by the same laws. For it is evident that every human being who has anything whatever that other men desire to get, must, so far as that particular thing is concerned, be in a position of "differential advantage" over those who have it not. Every act of barter, or of exchange, therefore, implies that each of the two parties to it, is in a position of some "differential advantage" over the other, and the mutual satisfaction produced by the transaction consists in each of them being supplied by the other with something which he desired to get but had not before possessed. Possession, therefore, unequal in kind or in degree, or in both, is one fundamental fact in the whole transaction, and the other fundamental fact is Demand, or the desire for that possession on the part of other men, in the same varieties both of kind and of degree.

12. The first of all possessions consists in men's own personal faculties whether natural or acquired, and those men who possess muscular strength directed by skill, are the holders of a thing lettable on hire, of which all other men must, in one way or another, desire to secure the benefit. The value of it in respect to amount, like the value of every other thing, depends on all those conditions of society which favour the sale, or the hire, of all other possessions which are similarly desired of men. That is to say, its value in amount must depend entirely on Effective Demand. This is one of the few

"Capital-Letter Phrases" which do really express a great leading truth in economic science—a very complicated truth, indeed, as regards the conditions on which it depends, and the directions in which it operates—but still a definite conception well embodied in a phrase which is an accurate expression of the final result that all these conditions contribute to bring about. That result of Effective Demand consists in what may be called a brisk trade in manual labour, which is nothing but the working of various and keen desires in a rich and prosperous society. "Demand" is indeed an abstract word, but it is not an abstraction invented by Economists. It was born in the market-place. It is the natural expression used by those who, in the actual experience of life, are conscious of its dominating rank and power among the causes and the sources of profitable trade. Wages, or the hire of manual labour, obey exactly the same law of dependence on Demand which in the nature of things all other valuable things obey. Value in their case, as in all other cases whatever, consists in some certain proportional relation between the number, eagerness, and wealth of those who seek for labourers to hire, and the number, eagerness, and wealth of those labourers who are seeking to be hired. This is nothing but a simple—although a somewhat explanatory—statement of the great law of Supply and Demand, which is at once the largest and the most certain generalisation of economic science. Labour, whether of the hands or of the brain, is as much subject to this law in respect to its value, as any other commodity or thing which is, or can be held in possession by some men, and can be lent or sold to others who desire to profit by its use.

13. The jealousy with which some men have regarded the classification that reckons their own living personality as an article of commerce—as a mere commodity in the market—is a natural feeling—but only natural in the same sense in which a great many other feelings are natural which are also destitute of any reasonable foundation. The very highest faculties of man may, and continually do, work for hire; that is to say, for the acquisition of some valuable result, which can only be thus valuable to themselves through being also valuable to the

world. The mere exercise of these faculties may be in itself a pleasure; but that pleasure is generally increased by the enjoyment of the just rewards which, in the order of Nature, are secured by the useful exercise of any gift. The subjection, therefore, of "Labour" in all its forms to the great Law of Supply and Demand is no disparagement to Labour whether its intellectual rank be high or low. Irrational sentiment—under the natural irritation roused by the many false doctrines of economists,—is very apt to make the very phrase of "Demand and Supply" the butt of its shafts of ridicule or of denunciation, as if it represented a low and mechanical view of the mutual relation of men. It might as well be supposed that our human life is lowered to a mechanical conception when it is asserted to depend on the rhythmic contraction of a muscle called the heart. But the fact is so. And so likewise is it the fact that the very life of every community depends on the natural mechanism which adjusts the desires and the faculties of men to co-operative labours of supply. The great household law which binds the whole human family is a law of Interchange.

14. But in reasoning on the operation of this law in any particular case, we must remember that it is a generalisation so very large and wide that we are apt to forget what a world in itself lies behind the apparent simplicity of its terms. The questions it raises are such as these:—What are the conditions and influences on which Demand depends? How can its total amount or capacity be increased? How can its eagerness be stimulated? How can men be rendered more full of desires, more largely and more variously needful? How best can they be encouraged to contract new tastes, and to conceive new methods of satisfying these? Clearly, it is in this region of thought that we must exercise our minds when we reason on the nature and origin of Demand. And not less clearly we can see that all laws and institutions—all conditions of society which favour, protect, and encourage the rise, growth, and multiplication of fresh needs, of new requirements, and of corresponding schemes and desires to meet them,—these are, and must be, the prime agencies in producing

that general market for labour in which Effective Demand consists.

15. In what sense, then, can we say with accuracy that manual labour is paid "out of" capital? May not the manual labourers say, with at least equal truth, that their wages are paid out of their own work? This last is the form which the question takes with them; and the sentiment it expresses is obviously justified by the facts of life. The blacksmith or the implement-maker forges and shapes a ploughshare of well-tempered metal—the ploughman so handles it, and so drives his horses, that he makes with that ploughshare a furrow deep, straight, and strong; the bricklayer lays the bricks so well and so true to the plumb that he sees some great wall rising under his own and his comrades' hands; the riveter so rivets the plates on the ribs of an iron vessel that he in like manner, sees a great ship taking shape and form by his labour; the navvy so handles the spade with strength and speed that he sees the bodily removal of thousands of cubic feet of earth along a line which is to be occupied by some railway or some large ship canal; in all these cases, and in innumerable others, the manual labourer cannot be mistaken when he feels that his wages are earned by himself, and that they are paid out of the proceeds of his own work. His knowledge is founded on the direct evidence of his senses—on personal experience—on the consciousness of work well done—on the sense of fatigue in doing it—on the embodiment of that work in visible and tangible structures which, in that mechanical sense at least, he can truly say that he has made. It is in vain to tell him, because it is not just or true to tell him—that his wages are not paid for by his own work. He knows that he has given value for value. He reasons, and reasons justly, on what he sees and feels. All that can be done with truth to supplement and perfect his convictions, and our own, is to remind him of a good many things which he cannot see with his bodily eyes, or touch with his bodily hands, although some corporeal symbols, and even some constant reminders of them, must have been before him all his life. Everything that constitutes the value of his work

depends absolutely on the mental calculations and expectations of his employer, founded on the known desires of other men. These underlie the whole organisation in which he does an unit's work. And yet this seeing of that which is invisible —the full appreciation of these unseen factors in all manual labour, and in all wages earned thereby, is as difficult often to the most highly educated men, when they enter on abstract speculation, as it is to the manual labourer himself.

16. Of this I had a striking illustration now more than forty years ago which has dwelt on my memory ever since. I had been invited to attend one of a series of meetings then being held for the discussion of social questions in connection with the writings and doings of two remarkable men, Charles Kingsley and Frederick Maurice. I have no recollection now of anything that passed except of one question propounded by a "working" man—a question which he asked gravely, in perfect seriousness, and with perfect good temper. "I never could see," he said, "why any other man should make any profit out of my work and labour—why the whole of its value should not belong to myself." Language involving exactly the same idea is being perpetually repeated in various forms at the present day. I had not at that time exercised any independent thought on economic science, and although I saw that there must be some fundamental error involved in the conclusion indicated by the questioner, I am bound to confess that I did not at the moment see exactly where that error lay, or how it could be clearly explained. One thing was, of course, self-evident—that if no one else could have any right to get a profit out of that man's labour, neither would any one else ever think of employing him at all.

17. This was obviously a consequence fatal to the argument implied. It was clear that there must be a fallacy somewhere. But the disproof of any conclusion by a *reductio ad absurdum*, however conclusive it may be as such, always leaves much to be desired in philosophy. It silences, but it does not convince or satisfy. What men always want to see is—where it was that the error—leading to such absurd results—lay concealed under plausible forms of speech. In this case the fallacy lay in the

oblivion of numerous neglected elements—all hid under the ambiguities of language. What that man called the value of "his own work" was in reality an aggregate value due to numerous sources of contribution other than his own. Whatever his particular handicraft may have been, it is probable that the raw materials on which he worked were not his own, and very likely not even the tools with which he worked upon them. And even if both these were his own, which would be a rare case under our present conditions of industry, it is quite certain that other contributions to the total value of his production, far more important than these, came from the capital and the brains of other men. The factory or premises in which he worked had been built or hired by others. The site or situation on which that building was erected—often a most determining element in the value of products—had been provided by others. Salaries of men whose labour was higher than his own—the hire of fellow-workmen without whose co-operation his individual work would have been fragmentary and ineffective—had all been, and continued to be, provided by others. Above all, the original conception by which the whole business or manufactory was begun, set agoing, and established --the risk of loss in it which had to be encountered--the thought and ingenuity and continuous skill by which the products were adjusted to a pre-existing demand—or the still higher skill and ingenuity by which perhaps a new demand was excited by the attractions of a new production—in all these—this man had no more share than the engine or the water-wheel which may turn some drums and lathes.

18. I have used the words "above all" as applied to this last great group of the determining elements in the value of all manufactured products. But there is another group higher still in origin and in power—which being anterior in origin, and more out of sight, is still more commonly forgotten, or assumed as a matter of course. This group of causes on which the value of every man's work both to himself and others absolutely depends, is the group which is connected with the laws that protect all rights, and enforce all contracts, between man and man. It is these alone which create that

industrial security without which no venture could possibly be undertaken or even thought of. A system of settled and stable jurisprudence, with an honest and a firm executive—the paramount reign of law in all the relations of men—these are the indispensable, though the too often unseen and unthought of, foundations of every industrial society. All these are the imperative conditions, and the operative agencies in all production—the conditions and agencies of all enterprise—and so of all employment. Taken all together they constitute the true "Wages Fund" in any country.

19. But most obviously the word "fund" is not only an inadequate, but a very misleading image to represent such an immense and complicated group of causes. They are as little as possible like to a sum of money of fixed and definite amount. They include all the potentialities of the three great sources of wealth—Mind, Matter, and Opportunity. It is true, of course, that these are not infinite in their issues, but neither are they visibly or calculably bounded. They are immensely and indefinitely large. Professor Marshall suggests a much truer and a much finer image when, referring to what he calls the "National Dividend," as a better phrase for the source of wages than a Wages Fund, he says that "the important point is that it is a continuous stream always flowing, and not a reservoir or store, or in the narrower sense of the word a 'Fund' of capital." * An ever-flowing stream of causation, coming like other streams from distant sources, but ever reinforced by a thousand affluents from all possible directions,—ever capable of adding to its volume—this, no doubt, is an image far more suggestive of the truth than the idea of a "Fund." But it is still narrowed and rendered wholly inadequate for its purpose by the continued reference to a money "Dividend" as arising annually out of a "net aggregate of commodities, material and immaterial, including services of all kinds." † All this is far too materialistic and mechanical. It is full of the old notion of a literal "fund," so definite as to be calculable in amount, in spite of

* 'Principles,' p. 560 † Ibid.

the carefully expressed intention to include under the word "commodities" things which are "immaterial." Moreover, Professor Marshall's amended idea of the Wages Fund expressly retains the delusive conception that it consists in sources which can be quantitatively estimated. He speaks of "earnings and interests," and the "value of commodities," as all things to be "determined;" of these things "being known," and even of "the resources of nature," and of the "arts of production being given," as elements from which what he calls the "Producer's Surplus" "can be calculated by a mere arithmetical process."* The image of a "Dividend," though it should be conceived as ever so perpetual, holds the mind down to Mill's idea of interest accruing from a money "fund," and the mere insertion of such words as an "immaterial commodity" cannot redeem the image from generating a conception much narrower than is probably intended—and certainly infinitely narrower than the facts of life.

20. It is always to these facts that we must return if we wish to reach a higher and more adequate conception of economic causes. Those facts, even the commonest, do but need to be exhaustively analysed, in order to give us a rich return: and this analysis is often best conducted by the easy process of paying a close attention to the elements involved in some every-day transaction of manufacturing or commercial industry. The manual labourer who propounded the question I have referred to, some forty years ago, and which has dwelt in my memory so long, was evidently a London artisan, but I have no knowledge of the particular trade in which he earned his wages, and in which, also, some other man was making, as he thought, an unjust profit out of them. It was probably in one of the innumerable trades connected with the feeding, housing, clothing, and otherwise supplying, the wants and tastes of a rich and enormous population. It might be in the building or the decoration of houses, it might be in the furnishing of them, it might be in the immense trade in jewellery of all grades of costliness and of art from the lowest

* 'Principles,' p. 559.

to the highest. Now, in not one of these occupations can any individual man say with truth that he is the sole, or even the principal, producer or maker of any one commodity. The division of labour has become so great that each man can do no more than make some bits of articles. The putting together of the bits is done by others—and behind the mere putting together of the bits, lies the original designing of the completed article so as to suit some particular kind of customer. And again behind the designing and the taste of it, there lies always the capital invested in raw materials and in workshops; and behind that capital, again, lies always the spirit of enterprise and the energies of a conceiving mind. This, once more, rests on confidence in the law of contract, in the purity and integrity of judicial courts, in the efficiency of police administration, and last not least, in the permanence of those convictions of duty on the part of Society which are the only secure basis of established law.

21. Let us take a case the details of which were published some years ago in the Journal of the Society of Arts.* An Irish landowner, who was an amateur mineralogist, and had lived some time in China, found in 1850, on his own estate in Fermanagh, a bed of the kaolin or felspar clay, which he knew to be the raw material of the finest kind of china. He was surrounded by a large and a very poor population, living upon potatoes, and with little or no demand for their labour. But he had water-power on his estate as well as the raw material, and he conceived the idea of starting a manufactory of fine china for the employment of the people. He had some experiments made upon the clay, and his idea of its adaptability was confirmed. He had no adequate capital himself, but he had energy and character, and he had monied friends who knew him, and who were disposed to place confidence in his data and in his inferences. Capital was advanced to him by one or more of these friends. The necessary buildings were erected; designers of form were engaged, and even a branch railway was laid down to the spot. Capital to the amount of between £60,000 and £70,000 was laid out in

* March 16, 1885.

the undertaking. Some beautiful and peculiar wares were produced—the once well-known Belleek china—and a good sale of them was established. Every step in this progress was, of course, taken with the subordinate aid of manual labour of various kinds; and of course also the manual labourers were at first all paid out of the funds advanced by the projector and by his friends. The wages paid for that labour rose enormously above the level at which they stood in the district before the enterprise was conceived. They stood at a very low level then, because there was an over-abundant supply of men, and there was little demand for their labour, because it turned out little that was of any value. The largely-increased demand for manual labour increased the disproportion between the new demand and the old supply, and the current rate of wages in the district was doubled, tripled, and even more than quadrupled. In one case, a man who had been a pauper in Ballyshannon Workhouse, rose to the position of earning 70*s.* a week.

22. The sense, then, in which these wages were paid out of capital is obviously this—that they were advanced in anticipation of expected profits, until the time came when those profits could be actually realised. But none the less the work done from day to day was valuable work, without which those profits could not be realised at all, and therefore the workmen had a right to feel and to say that their wages were paid out of the value of their own work. But, on the other hand, those wages measured the "whole value" of their contribution to the total value of a highly complex result, and any profit made out of that result was due to contributory elements in the total value in which they had no share—which, indeed, they were wholly incapable of even conceiving, and which were as much anterior to their labour in point of time as they were superior in point of merit. In this order of precedence and of merit, the true source of the wages—the real Wages Fund—was, first, the brain work of the original conceiver of the whole design; secondly, the brain work of the capitalists who estimated the degree of confidence to be placed in his conception; and thirdly, the mental appreciation of the

public as regarded the beauty of the ware. Still more deeply underlying the whole process lay, of course, the laws on which all contracts between man and man are recognised and enforced, and that perfect freedom of trade or of exchange on which all marketing must depend.

23. On a much smaller scale an analogous case happened to myself. I happened to read many years ago a paper in a chemical journal on the analysis, and on the possible commercial value, of the products of seaweed. It pointed out that these products had at one time constituted an important and lucrative trade along the shores of Scotland and of Ireland, and that this trade had then either become extinct, or had dwindled to very small dimensions. It showed that, despite the later introduction of competing and cheaper products of the same kind from foreign countries, there was still a large reserve of value in the constituent elements of seaweed which had been lost or wasted in the older methods of extraction and concentration. It tabulated these valuable elements quantitatively, and showed what a large profit might be made out of them if saved by a more scientific process. As I had a large command over this raw material on my own Island estates, and a large population to whom the renewal of such an industry would bring at once an easy and a remunerative employment, I at once communicated with the author of this paper, and offered to him a lease of certain shores if he would undertake the manufacture himself. He told me he had no capital; but, as in the previous case, some capitalists were persuaded to see, as I did, the possible and even probable success of an enterprise founded on strictly scientific data. Accordingly the transaction was concluded. The new method of treatment was successfully applied to the raw material, and a large sum of money has ever since been annually expended on wages among a population which was poor. In this case the order of precedence in point of time stood thus:—First came the special skill and knowledge of a professional chemist, and his natural turn for the practical application of that skill and knowledge. Second, came my own turn for such reading and investigations—my own knowledge and recollection of what

had been in a former generation a valuable property—and my own consideration of the importance of it as a source of employment to a dependent population. Behind and underneath all these elements, again, lay my freedom of individual action in the disposal of an ancient legal right of ownership of the raw material over a defined local area. Each one of these causes and sources of action had its own place and effect, and if any one of these had been deficient, the result would probably never have arisen.

24. These cases are typical of an almost infinite variety of other cases in which we see the long chain of causes and effects which have been so absurdly misrepresented by the image of a "Wages Fund," and which Professor Marshall describes by an image which indeed is greatly better, but which is still most inadequate, as a "continuous stream" flowing in the form of a "National Dividend" out of a "net aggregate of commodities."

25. The only circumstance in which these two cases have, even in degree, any special features, is the circumstance of precariousness of value in the completely manufactured article. But the element of precariousness of price affects the products of a thousand different industries in different ways and in different degrees. In the case of ornamental china this degree of precariousness is very high, because the popular taste in such matters is proverbially fickle, and also because where the protection of patent rights is inapplicable, the effects of imitative competition may be quickly ruinous. In point of fact these causes have, I believe, actually extinguished the Belleek manufactory in Ireland. In the case of the products of seaweed, the element of precariousness arose chiefly from the always possible opening of new and much cheaper sources of supply for the manufactured product, as well as from miscalculation as to the total cost of the production. Let it be observed, however, that all causes of precariousness are causes which go to enhance greatly the estimate we must form of the comparative importance of those elements in production which are antecedent to, and of a higher quality than, the element of mere manual labour. They go to emphasize the element of

risk which the owner of capital must face in providing the means needed in the conduct of every industry.

26. Exactly the same, or closely similar, reasoning applies to a vast variety of industrial enterprises—from the construction of the Suez Canal, or of the new Ship Canal from Manchester to the Mersey, or the construction of the great Forth Bridge, down to the construction of the ships which are now made for the carrying trade of the world on a scale of expenditure and magnificence which seems ever widening and extending from day to day. The conceiving mind which initiates the enterprise is always at the root of the whole result; the constructive mind which thinks out the details and designs the structure comes next; the capitalist who risks his money in the venture, and that other class of capitalists who undertake the actual work of digging or of building, come third and fourth in order; whilst the manual labourers, with their skill and experience in the use of their own muscles and in the handling of tools, come last of all—last in point of time, and in order of merit, and in efficiency of causation, but nevertheless as indispensable as any other. Over the whole group reigns supreme that one great fundamental source of all value, namely, Demand. By that word we mean the number and the eagerness of other men who desire to possess themselves of the product, or to share in its use, together with their ability to pay for that possession a remunerative price, and last, not least, the necessity under which they lie to pay that price if they are to get the article at all. These are the absolute conditions of what we call Demand; and the nature, co-operation, and concurrence of each of all of these conditions, constitute a subject charged with neglected elements not only in the popular, but too often in the scientific, handling of the nature of Value in manual labour and in all other things.

27. The supreme effect of the Law of Demand upon the rate of wages is thus absolutely the same in principle as its effect upon all other cases of value whatever. It centres and hinges that particular case of value, as it does all others, in and upon the desires, tastes, and aspirations of other men who, in their multitude, constitute what we call Society, and in their ability,

as well as in their desire, to pay a remunerative price for any service or commodity. The only difference between the operation of this supreme cause of value upon wages, as compared with its operation on value in other forms, lies in this—that in the vast majority of cases the wage-earner stands at the extreme end of a long chain of intermediate causes, to none of which can he make the smallest conscious contribution. He cannot influence in the smallest degree the workings of the conceiving mind, in which alone lies the initiative of the work on which he is to be employed, and the energies of which often raise his wages by leaps and bounds. Neither does he make any direct contribution to the mechanical designer, nor to the capitalist who risks his fortune, nor to the management of the concern, nor to the demand in which lies the final reward of all. His muscular energy, and his skill in wielding it, are indeed essential elements in the calculation of others, but only in the same way in which water-power, or steam-power, or horse-power enters into their calculations of the cost of production. The same position is occupied by all salaries paid for the higher elements in the work required, whilst precisely, too, the same position is held by every capitalist who contributes nothing but money, and who stands between the original Conceiver of the undertaking and the ultimate payer of the consumption price. Nor is even the position of the original Conceiver independent of other agencies than his own. He may be set agoing, indeed, by the instinctive action of his inventive faculties, and by the mere pleasure derived from the exercise of every mental gift ; but in so far as economic results are concerned, he is dependent for these on that demand which he may, indeed, foresee—on which he may calculate—but which he cannot, in all ordinary cases, do anything to create. The rare and exceptional cases in which the conceiving mind may, and does sometimes, at once both create, or cause, a demand, and does also satisfy it,—are those cases of the highest art in which genius embodies itself visibly in forms of extraordinary beauty, and at the same time creates that taste for them which may command an enormous and even an extravagant remuneration. But, of course, this is no

exception whatever to the Law of Demand. It is only an exception to the usual origin and sources of that desire which constitutes Demand. In general, Demand pre-exists. It has to be met, but it is not usually created, by those whom it rewards for their supply.

28. It ought to be needless—but, strange to say, it is not needless—to observe that if all this be true of the value of wages, and of all services, and of all commodities, it is true of those values as regards all the ranges of price through which they may pass from time to time. If, in a poor country with little enterprise and with natural resources undeveloped, a labourer's wages are as low as a shilling a day, and if they rise to two shillings, three shillings, four shillings a day, owing to such a chain of causes as that which we have traced, it is none the less true that his right to the higher value is as absolute as was his right to the lower value from which it rose. The fact of that rise in value being due entirely to efforts and causes of which he had no knowledge, and to which he made no contribution, does not in the least degree lower or abate his claim to the whole of it as indeed his own. Possession—the right of exclusive use—of his own faculties is not rendered a less sacred and absolute right because the value of it has risen in the market. His new wage of four or five shillings a day is exactly as much earned by him as the low wage of only a shilling a day had been earned a short time before. It may be true that the actual amount of physical exertion needed in the new employment may be no greater than in the old. It may be even less in the expenditure of muscle. In this sense it may be true that the increase of wages may not be due to any corresponding increase in his own contribution to results. But this cannot weaken in the least degree his right to the higher rate of remuneration. Both rates were equally ruled by the same causes. Both were equally the result of the demand of others ; and no logical distinction whatever can be drawn between his right to full enjoyment of the higher scale and his former right to the lower one. The higher range of wages is given by others only because his labour is worth more to them than it had been before, and in both

cases the full equivalent of what is his own, must be his own also.

29. The same principle evidently applies to every other possession—to the possession of capital, to the possession of skill, to the possession of inventive genius, and to the possession of every other conceivable instrument of production. The exchangeable value of every one of these "Differential Advantages" may be, and continually is, lowered or raised by causes seated in the conditions of public Demand with which the possessor has had nothing whatever to do. The possessor of muscular strength, and of some skill in using it, finds its value suddenly doubled or trebled by the works set on foot by some great conception of which he knew nothing, and which he would have been unable to appreciate if he had known of it. The capitalist may awake some morning and find his investments all greatly enhanced in value by one of those outbursts of activity in the commercial world which may arise out of a thousand incidents in our industrial system. The farmer, or hirer of land, continually finds the prices of his produce raised and lowered by great percentages, through causes which it is impossible for him to influence, or even to foresee. Yet the labour he bestows on that production is exactly the same throughout. Very lately, as I have myself had occasion to experience, the price of particular classes of cattle may rise and fall by a great percentage—often by one-half—within a couple of seasons. The landowner, in like manner, may find his investment in land similarly increased or decreased in value from similar influences of a new Demand. All these cases of increased or diminished value obey the same law—that, namely, which determines the value of everything, not mainly, sometimes not at all, as Ricardo supposed, by the amount of labour the owner may have bestowed upon it, but by the amount and keenness of the demand for it which arises out of the changing conditions of society.

30. This universal fact is the best exposure of the Capital-Letter Fallacy in J. S. Mill's well-known formula of an "Unearned Increment" in the value of things. There is one answer to it often employed—that it demands an equal

consideration to be given to "Undeserved Decrements." And this rejoinder is just. The decrements of value which arise on all possessions, from time to time, and which do often so arise in spite of the most meritorious efforts and sacrifices on the part of those who lose by them, are as common as the corresponding increments. In our own country, of late, these decrements have arisen largely from the deliberate policy of the State or of society, to buy in the cheapest market without any regard to any preference for our own fellow-subjects. This policy may be quite sound and wise, but it has inflicted, and must inflict, severe losses on those who have made great exertions to supply the demand of our national society. These losses are in a very emphatic sense "Undeserved Decrements" so far as the merits and deserts of the Producers are concerned. So far, therefore, the retort that Mill's doctrine is unjust and fallacious unless followed to its logical results as to Decrements as well as to "Increments" is more than a mere retort; because it reveals the unsoundness of the reasoning, and the typical deceptiveness of the phrase expressing it. But the use of this retort—even the use of the words—involves some concession to a fallacy which ought to be dealt with otherwise. That fallacy ought not to be merely utilised for a rejoinder. It ought to be analysed and exposed.

31. Mill's formula counts as "earned" some undefined portion of the market value of things—which portion is supposed to represent the special and meritorious work, or labour, of the owners; whilst it counts as "unearned" some other portion—equally undefined—which is supposed to represent nothing but the value conferred by the increased demand of society. But the truth is obvious the moment we come to think of it—that the lowest scale of value has precisely the same contributory elements in its composition as the highest—no possession being of any value at all except that which arises out of the desires and wants of other men; and the lowest scale of prices being just as much due to that demand as the highest. The whole of this doctrine is merely one of the developments of the fundamental fallacy of Ricardo's theory that all the value of any article or commodity is to be

measured by the quantity of labour, or meritorious work, bestowed upon it. Ricardo himself did not push his doctrine to these absurd consequences, and Professor Marshall has made a gallant and not altogether unsuccessful endeavour to show that he has been misinterpreted, and his ideas ridden to the death, by his followers. This may be in a measure true; but there is no doubt that Ricardo's own doctrine was one-sided in in an extreme degree—vitiated by the neglect of essential elements—and that his idea of the absolute predominance of what he called "labour" as the determining element in value was essentially erroneous, leading to the most disastrous consequences in English Economics. It is easy to see, for example, how it led to the speculative extremes to which it was thus pushed by J. S. Mill. When the facts of value are obviously seen to be departing widely from the assumed law which ought, under the theory, to regulate its measure, the natural suggestion which arises in the mind of a dogmatic theorist, is that it "is so much the worse for the facts," and that natural laws ought to be checked and suspended, as far as possible, by artificial and arbitrary human action. There is no absurdity of consequence, as we have seen, which will not be faced by men in this frame of mind; and assuredly no consequence could do more violence both to logic and to the moral sense than that which would follow—and has actually followed—from the idea which underlies the teaching on this subject of J. S. Mill.

32. Neither Mill nor any of his followers attempted to push the application of this doctrine into the region of wages —not because it is logically inapplicable on exactly the same principle, but only because the adverse doctrine of absolute possessory rights over our own brains and muscles has become too firmly established to be shaken. Perhaps, too, the applicability of the doctrine to wages has been obscured by the mental confusion between any thing, or possession, considered in itself, and the same thing considered in its price. Labour is considered as always being labour, and, therefore, meritorious, or deserving, or "earning." And so it is forgotten that although it is very true that labour is

always labour, yet the exchangeable value of it is an entirely different thing, and depends absolutely on the demand of others, and not on the supposed deservings of the worker. But it is well worthy of observation that, in the Middle Ages, when an enormous rise suddenly took place in the rate of wages, and when it was plainly seen by all men that this rise was due to nothing done, or contributed, by the labourers themselves, the doctrine that this "unearned" increment on the rate of wages, ought to be confiscated by legislation, was a doctrine unconsciously adopted, and was actually embodied in continuous endeavours to keep down, by law, the rate of wages to what was supposed to be the level of a real and fair "earning." Professor Marshall, without probably intending it, comes perilously near to justifying such a course when he says that "it still remains for particular human institutions to determine whether the 'surplus' gained by *any* 'differential advantage' shall become private property." Considering that he has expressly included under such "differential advantages" the personal faculties of men, "whether natural or acquired," this doctrine would distinctly affirm the right of society to confiscate any increase of value accruing to wages, to salaries, or to any other source of income, which is not directly due to the sole action or agency of the individual possessor. In much later times, in our own country, and very lately indeed in France, when the same increments of value were seen in the rising price of bread, similar attempts to keep it down to a "fair" level in the interest of society were continuously and systematically made. Almost all prices came to be regulated by municipal laws, having for their aim to keep prices down to an assumed level of "fairness." It was a gross injustice to a few, founded on an equally gross delusion as to the real interests of the many.

33. It may not be surprising that in the Middle Ages, when as yet the very elements of economic science were unknown, except in so far as some of them are fortunately instinctive, the policy was adopted of depriving wage-earners of the increments of value which might accrue to them, on the

ground that it arose out of no action or merit of their own. And yet, when we think of the principle involved, it may well be astonishing that the really fraudulent injustice of the results was not even then apparent. For surely the very fact of the increment not being due to any action of the labourers themselves, ought to have at least suggested the question—from whose action then did it actually arise? The answer must have been that the rise in wages arose from the action of those who were hirers of labour, and who raised their offers for it because they found it worth their while to do so. That is to say, they found it to be of more value to them than it had been before. They got a greater benefit than before, because the rise in prices affected the produce of the labour as well as the wages paid for it. What, therefore, the hirers proposed to do, when they attempted to deprive the wage-earner of this increment by legislation, was to keep the increased benefit of that labour for themselves, whilst they sought to deprive the labourer of his rightful share in the new value of that which was his own. But if it is a signal example of the thoughtless blindness of our ancestors, that they did not see all this in respect to wages, it is very much more wonderful that a man so highly instructed as J. S. Mill should have been entirely blind to the application of the same reasoning to all similar proposals in respect to other things of value. Increments of value can only arise on anything, because that thing has become correspondingly more valuable to those who buy or hire it. To keep that increase of value in so far as it will accrue to the buyers or the hirers after they have acquired it, and to confiscate the corresponding increase in the price which they have to give beforehand for the acquisition of it, is a fraudulent injustice. To commit this fraudulent injustice on the pretence that the increment in the price of purchase or of hire has not been "earned" by the personal and meritorious action of the possessor, was to apply to one of the two parties concerned in the transaction, a principle which is not, and never can be, applied to both.

34. It is a common but a mischievous delusion that society loses anything in such a rise of values. On the contrary, it

gains, and the rise is in itself an index and a measure of the gain. The increased rental of houses in a town, for example, is universally taken as an index of its increased prosperity. And so it is—because the increment can only arise out of increased gains made by those who give the increased rents. They give those increased rents because they expect to gain, and because they do actually gain, higher profits on all industries in which they may engage in a great town. The town with its great market or demand, and with its great fund of opportunities for trade, is to them a great "wage fund," and they have no more meritorious share in earning that higher gain than the house-owner whose property has been similarly enhanced in value.

35. Exchangeable value is always bilateral—two-sided in its nature—so that those who find themselves compelled to give a higher price for anything, must always get what is to them a full equivalent in return. All rises in value thus work round for the benefit of society as a whole. Any other doctrine ends in very grotesque results. All rises in the value of commodities which are due to the increasing demand of society, can only arise out of the desires of a large number of men to get the possession of them. Therefore, it is said, these desires are to be reckoned as the causes of the rise. Society is spoken of as "creating" it: and then the farther proposition is advanced, that to those who are its causes, the value ought to be transferred. And so it emerges as the result that in the very act of desiring to acquire, or in other words, in the very act of coveting the possessions of other men, we are thereby acquiring the right to take them. When we consider the wide sweep of this doctrine, if it is to be applied equally and justly to all the kinds of value to which it equally applies in theory, we shall find it difficult indeed to estimate the destructive effects it would involve on all the whole range of motives, incentives, and aspirations, which are the sources of all prosperity, and of all wealth.

36. It may seem at first sight as if the wage-earning classes must lose an important plea in economic science by the destruction of the Ricardian doctrine that all value is derived

from "labour." This, however, would be a great mistake. Besides the general consideration in which we should all have the most absolute faith—that no erroneous doctrine can ever be of any real service to anybody—besides this general consideration, it is easy to show that the Ricardian doctrines recoil against the wage-earners themselves, and did actually lead not merely Ricardo's followers, but himself, directly and at once into the slough of consequences, which, if believed in, would carry dismay into the best hopes and prospects of humanity. His farther doctrine that the rate of wages tends constantly to be lowered to the level of a bare subsistence, which he calls the "natural rate of wages,"—this farther doctrine is directly affiliated on the theory that the amount of labour bestowed upon anything, or the quantity of labour consumed in its production, is always the measure of its value:—because that theory takes the quantity of food needed for the subsistence of a labourer as the cost of his own nurture and support, and consequently asserts that the value of his services tends always to keep down to the level, which is just enough for the production of himself and of his class. This discouraging and disastrous doctrine of Ricardo was, in his hands, reinforced by the farther teaching, as we have seen, that the profits of those who hire labour must always depend entirely on the cheapness of the terms on which that hire can be effected, and that there is no other way of keeping profits up than by keeping wages down.

37. The true theory of wages, although it denies the proposition that the element of manual labour is the sole, or even the main, determining element in all value, yet asserts on the other hand that the wages of that labour are not dependent only, or even in the main, on the bare cost of the labourer's subsistence. It represents those wages as dependent entirely on Demand, and it traces that demand up to every circumstance which can raise the condition,—multiply the desires,—stimulate the inventive faculties,—and give confidence to the enterprise and speculative instincts, of individual men in all classes of society. All these things—far too large and multiform to be adequately expressed in any mere list of words—

constitute the true "Wages Fund." They are, as it were, a store of potential energy, not infinite indeed, but indefinitely vast and fruitful, on which increasing drafts can be made by the advancing knowledge, and the more instructed conscience of mankind.

38. In this result wages are seen to stand on precisely the same footing as every other form of wealth. They depend on the general advancement of society, and on all the agencies which are to be classed under the three great categories of Mind, Matter, and Opportunity. In this enumeration Mind stands for all the desires, as well as for all the energies of man. It stands for all his moral as well as his intellectual faculties, in all their relations to the external world. Matter stands for all the natural agencies which are placed at our disposal by the constitution of the world we live in—none of them being what theorists call "free gifts of Nature"—but all of them to be made subjects of Possession only at the cost of knowledge and of effort. Opportunity stands for all those means and ways of access to the use of those natural agencies, many of which are settled for us by implanted instincts, but many of which also are dependent on our own action, and on our own understanding of eternal laws.

## CHAPTER XV.

### THE UNSEEN SOURCES OF EMPLOYMENT, AND SOME SUGGESTED CONSEQUENCES.

1. IT is indeed a wide horizon that we now command—an horizon wider than that which greeted "stout Cortes and his men," and one which may well be to us a great Pacific. We have climbed to the height from which it spreads out before us, by steps of consequence, which are clear of all obscurity, and which are as firm and steady as a rock. They follow directly from that amended form of the Mill theory of a Wages Fund, which has been now universally accepted as essential to any truth it may contain—namely, the amended conception that as regards those who earn wages they are paid for a full value actually conferred; that as regards those who pay wages, since that value can seldom be at once recovered, the payment is almost always advanced out of capital as a necessary means to an end, and in the confident expectation of certain calculated returns. From this it follows that the whole basis of the fund lies in that confident expectation; whilst again this anticipation of the future can have no other foundation than the calculable data afforded by the established order of society, and the natural laws on which its prosperity depends. All these safe steps of reasoning lead up to the conclusion that the sources from which wages come, are identical with the sources from which come all other kinds and forms of wealth,—as numerous,—as deep-seated,—as manifold in origin, because they are in truth the same. And one inference must impress itself upon us, above all others, as we contemplate so vast a subject—and that is the dangers and inevitable errors into which we shall certainly fall if, from

some partial aspect of facts familiar to our own time and place, or, still more, from dogmas badly founded even upon these, we attempt to predict the course which may be taken by the value of manual labour.

2. Professor Marshall's substituted metaphor of a "stream" instead of a "fund" recalls us to the image of a vast and various landscape in a country as yet unexplored. In such a landscape it would be futile to predict the exact course of any of its great rivers from the mere aspect of the country close at hand. There are indeed some things about rivers which are certain, because they follow from the physical properties of matter. Water will always tend to find its own level ; and every stream and every tributary streamlet, as it comes originally from one great source, solar heat, so it will seek the easiest way to rejoin the great reservoir of the sea. But in pursuing that path it may be compelled to run through many windings. It may be prevented from taking any predicted course by a thousand accidents of opposing surface. But innumerable as these accidents may be, and incalculable as may be their effects upon the course taken by a great river, they are all inconceivably more simple in their nature,—less multitudinous in number—than the causes which determine the stream of human wealth. This is a stream which has its own sources—its own meanderings,—and its own storages in lakes and pools. If, even as regards the present and the past, we are liable to fall into great errors due to neglected elements, how much more precarious must be any rash predictions on the future course of human industry, of intellect, of conscience, and of invention ? Still, in the streams of wealth, as well as in the physical streams of a great country, there are certain fundamental facts and laws quite as certain and inevitable in their operation as the action of the sun and the properties of water. The only difference is that they are less gross and visible—less capable of physical proof, which is the only kind of proof that some minds can see, and that other minds can be induced really to remember, or fully to accept.

3. Amongst these fundamental laws are those which lie in

the very nature of things—in the nature, for example, of what has been called "that difficult conception, Value." * It is in itself a relation between two great categories of things—on the one hand, all the desires of humanity as they arise in time ; on the other hand, all the mental conceptions and inventiveness of humanity, as these are contemporaneously developed. Of these two great categories, the first—the category of desires—is comparatively passive. Many of them are the immediate and necessary result of facts and relations born with man and with the world he lives in. The second category—the conceptions and inventiveness of men—is as distinctively a category of active powers. Their course is largely incalculable. They may stagnate or sleep for ages ; and they have actually done so. They may awake suddenly, and with an almost preternatural activity. But there is one thing about them which is certain, and that is the very high nature of their functions in human society. They may originate, they often stimulate, whilst it is always they alone that can satisfy the desires or supply the wants of men.

4. But these are powers which in their very nature have their seat in the individual mind. In that mind lies the source, the centre, and the throne, of all the energies of human life. It is by it that the analogies of nature are perceived,—that her meanings are interpreted,—that her agencies are yoked for useful service. This is most palpable, and most visibly conspicuous, in that particular department of individual work which consists in mechanical invention, or in the application of scientific knowledge to the arts of life. The power of this kind of work, as the source and origin of Demand for manual labour, has been so often exhibited in striking instances in times still fresh in the public memory, and in others which belong to our own day, that there is little danger of its being forgotten. The rush of mechanical inventions in the textile industry, which illustrated the last quarter of the last century, has long been among the commonplaces of economic observation. Its immediate connection with the great subject of the functions of individual mind, is perhaps

* See *ante*, p. 25, sec. 28.

less constantly present to us. But it cannot be too much remembered that the single brain of James Watt was, and still is, the biggest "Wage Fund" that has ever arisen in the world. The work done—the opportunities opened up to all mankind—when, during an evening walk round the Green of Glasgow, the idea entered his head of the "Separate Condenser," was a work done which has enabled millions of men, and will yet enable uncounted millions more, to secure an "increment" on the price of their labour, which was, and will ever be, entirely "unearned" by any thought or exertion of their own. What it did was to open up new and inexhaustible sources of Demand for the article of manual strength and skill, as well as for all other contributory commodities and things. It gave birth to new desires. It called into action new incitements to exertion. It opened a thousand new opportunities of enterprise. Above all, it gave birth to new conceptions of possible attainment.

5. But this case of mechanical invention is only the most palpable and most conspicuous case of the power and function of mental conceptions in individual men. It reveals these as the great source of the value conferred upon the possessions of all other men, who are very often nothing but passive recipients of the benefit thus arising to themselves. The same principle applies, on a still vaster scale, to all those conceptions which are best expressed in our language by the word "enterprise." In the very nature of things, mechanical invention of the highest class, such as that of James Watt, is occasional only, although even as regards such inventions, it should never be forgotten that the perfecting of them, and the adapting of them to new uses, is a continuous process, constantly employing, and constantly endowing manual labour, with increasing rewards, and with new opportunities. But even this process, continuous though it be, is less pervading and less ubiquitous than the work of those mental conceptions which may be perpetually turning to practical uses all the past, and all the growing, triumphs of invention.

6. Here again there are conspicuous and palpable examples which, on a grand scale, illustrate what is ever going on

throughout the whole domain of industry on a smaller scale, but with more universal effects upon the value of manual labour. The one brain, or the few brains, which, in an engineer's office in Westminster, conceived the design and calculated all the details of the Forth Bridge, constituted in themselves an enormous Wages Fund, not only in the millions of money which that great structure cost, but in the example it set of the possibility of overcoming by brain labour, and by the savings of brain labour, which is capital,—the most formidable physical obstructions in the way of human enterprise. Yet the army of manual labourers whose muscular strength and skill had a highly increased value conferred upon it by the execution of that design, had no share whatever in the conception of it. No greater amount of strength or of skill, or of exertion was contributed by these men than would have been called for in the humblest exercise of their trade. As regards some of them, there was probably a certain increased risk of accident. But, on the other hand, it is to be remembered that many of them also gained, in addition to high wages for a very considerable time, the education of an immense opportunity of increasing their own fund of skill for the whole future of their lives.

7. The conception of such a great and novel design as that of the Forth Bridge, is, of course, a rare one. But the similar facts and laws affecting the total Wage Fund of the country and of the world, are of universal validity and application. Even as regards conspicuous structures individually much less stupendous than the Forth Bridge, an aggregate of brain-work is always going on in a great industrial country, which vastly exceeds in total amount even that mighty specimen. The great ships which are now constructed on our tidal rivers, are continually calling into activity the same cycle of operations, with effects precisely the same in kind. In almost all of them the inventive faculties of some one man, or of some few men, are exercised if only on the improvement and modification of designs which in principle may have become common. In the whole of them, the conceiving mind of some individual is concerned in the first idea of the enterprise—in the perception of an opening—and

in the estimate of risks, on the one hand, and of success on the other. In all of them, also, the storages effected by mental labour in the past—storages which are called capital,—are instrumentally concerned. All these are the agencies which stand at the top in point of merit, and at the foundation in respect to the pure idea of causation. They constitute in themselves the true Wages Fund. They are the ultimate fountains and sources of that "continuous stream" to which Professor Marshall likens it.

8. But again, let it be remembered that this analysis applies not only to visible structures, such as ships, and canals, and bridges, and houses, and engines, and machines of all kinds. It applies to the whole of that Wages Fund which is devoted to the distribution of valuable things, as well as to the manufacture of them. That is to say,—it applies to everything that is done throughout the whole domain of manufactures and of commerce, including all trade, whether on the largest or smallest scale. Distribution is not a separate and co-equal work with that which is called Production in economics. Distribution is merely one of the branches or provinces of Production. The work of the Distributor is to produce facilities of access to material things which have been made or acquired. It is therefore an essential part of Production, and is subject to the same laws. In every branch and rivulet of Production, including the production of distribution, it is the spirit of enterprise,—the work of the perceiving and conceiving mind—that lies at the root of all employment—now watching for opportunity—now planning how to take advantage of it—now providing means—now calculating costs—now estimating risks—now determining to encounter them. In not one of these preliminary exercises of mental labour does the wage-earner take any part whatever; whilst, nevertheless, upon each and all of them does his employment and his remuneration absolutely depend. Not until we have tried to follow in thought the detailed working of this series of causes and effects in the supply of a great population such as ours, can we form any adequate idea of the almost infinite complexity of the true Wages Fund.

9. But there is one deep-seated element in its complex constitution which rises before us in supreme importance when we come to close quarters with its last analysis. That element may be shortly expressed in one word, "Security." Involved in that element is another, expressed by a different word, which has played a great part in philosophy—the word "Design." It is a word of immense meaning; and all that it means reposes upon the constancy and certainty of ascertainable conditions. All forethought, foresight, and calculation rest, and must rest absolutely, on this one foundation. I have had occasion, in a former work,* to show how it is that the existence and insuperable power of fixed laws, operating in all the relations of matter with invariable and undeviating certainty, is a fact not only compatible with the idea of Design in Nature, but is, indeed, the one indispensable condition without which the very conception of Design would be impossible. No workman can work with tools of uncertain temper. Still less can he work with no tools at all. The adaptation of means to ends, which is the essence of Design, implies of necessity the existence of things, and of relations between things, which can be identified, and counted upon, and trusted to, as things and relations on which absolute reliance can be placed. In external nature this great function is discharged by physical laws which have, in the highest degree, the character of absolute stability stamped upon them. It is in virtue of that stability, and of our almost unconscious reliance upon it, that we can execute our own designs in the sphere of physics. But exactly the same principle applies to all those higher agencies of mind which are concerned in the various exercises of social and industrial Design.

10. The structure of human society in so far as we can, by our own conscious work, help to build it up, and shape it to glorious use, is a structure which must rest on the same unseen foundation. Human laws, if they are to attain their highest aims, must recognise the universal facts of human nature. They must consecrate and enforce all the precepts of natural obligation. They must be in accordance with a body

* 'Reign of Law.' (J. Murray.)

of accepted doctrine respecting these, which has been taught by the immemorial experience of mankind, and by the spontaneous working of their universal social instincts. They must be founded on the fact that Society is, in very truth, an Organism,—with its own natural laws of life and growth, and with its own insuperable conditions for healthy working among a great variety of functional parts or members. Above all, certain demands of ethical obedience must be admitted as of absolute authority over beings who are endowed with a moral nature, but who are also endowed with a speculative intellect, and with a will which is only too free to abuse this as well as all their other gifts.

11. Cardinal Newman's words, already quoted,* recur to us again referring to a power, of which, probably, he was more conscious in himself than any other man has ever been, and which he called the "all-dissolving power of the human intellect." It is possible for this power, as we have seen, to question, to dispute, and even to deny the primary obligations of all morality. But none the less is it a fact that some at least of these obligations have been acknowledged instinctively by all men since the beginnings of society. And amongst these have stood out, first and foremost, the claim of a right to possession in certain things natural or acquired, and the obligations of good faith in all the transactions between man and man. The Celts, as we have seen, have taken, perhaps, less part than any other of the races out of whose union our existing society in Western Europe has been built up, in the work of founding laws and civil institutions. Yet, as we have also seen, the necessity of keeping faith in engagements was emphasised amongst them in one of the oldest of those proverbial sayings which sometimes reflect, better than any formal laws, the fundamental conceptions of economic science. It was indeed a splendid proverb that classed with the great curses of war and famine the miseries that afflict the world when the obligations of good faith are not acknowledged. The rightfulness of possession, on the one hand, and the sacredness of contract between individual possessors on the other hand, are among the very

* See *ante*, Chap. VIII., sec. 7, p. 232.

first of those foundation-stones on which society reposes. And undoubtedly, above and before all other kinds and forms of possession, there arose, from the outset, the right of possession in every man to the legitimate work of his own bodily and mental faculties.

12. It is in virtue of this right that there can be no distinction justly made between one part said to be "earned," and another part said to be "unearned," of the full price or value which may be stamped upon any kind of labour, or upon any of its fruits, by the appreciative desires of other men. The whole of that value is earned in the only sense in which any part of it is earned. The whole of it is unearned in the only sense in which any part of it is unearned. That is to say, no part of any price can ever be due solely to the merit of the thinker, or of the manual worker, because all parts of it, equally, would cease to exist when separated from the Effective Demand of others. But these others know best what the acquisition of it is worth to them; and they can have no right to acquire it at a lower price than any of their fellow men are willing to give for it—on the pretence that the possessor owes a part of that price to them because it arises from their own desires. This doctrine is only one special example, although a very flagrant one, of the effects of bad speculative reasoning in shaking one of the unseen foundations of society—namely, the universal and just assumption that the possessor of anything valuable to other men, has, in the sale of it, an absolute right to the full price, whatever that may be, which the desires of those other men may confer upon it.

13. It is obvious that any new doctrine on such a principle as this would introduce an element of paralysing uncertainty into all the operations of enterprise and design. The possible fluctuations of market value are, in the nature of things, one of the data with which every designer has to reckon in his calculations. But these arise from natural causes, which again arise, by way of inevitable consequence, from known and unalterable laws. The operation of these laws can be, in a very large measure, foreseen, and can therefore be made the basis of more or less confident calculation. But if the operation of

these natural laws is to be interfered with by the arbitrary—and probably by the corrupt—action of men who think they acquire a right to any portion of the price of things merely because they wish very much to get them, then an element of utter uncertainty and of confusion is introduced, which would render all industrial calculation impossible. In doing so, it would strike at the very root of that in which, above all other elements, consists the true Wages Fund. The mind which conceives the design of serviceable work for other men, be that work large or small—large as the Forth Bridge, or small as the poorest shop that distributes cheap goods in the smallest village—is the spring of all enterprise, and so of all employment.

14. Considering the immense power of words over the conceptions and reasonings of men, it is most unfortunate that our English tongue has no word which, adequately or expressively, carries the idea of this great agency in the creation and distribution of wealth. The word Capital is not only inadequate, but it is positively deceptive. It is materialistic in a high degree. It suggests the idea of a sum of money, or of "matter of the universe worked up into serviceable forms"—these being money's worth. It expresses nothing but inertia—the passivity of past results, and of accomplished facts. It does not even give a hint as to the nature of the agency by which those facts have been brought about. Yet this bald and inexpressive word is the only one habitually used, not only in loose colloquialism, but even in scientific writings, to represent that which is at once the embodiment of intellectual labour in the past—its great incitement in the present—and its most powerful instrument in the future. In the word Capital, as it is thoughtlessly used and handled, the personal element is lost. But the personal element is the one which is supreme. I have already, in a former chapter,* commented upon, and exposed the fallacies thus propagated and sustained. But they acquire a special importance when we are considering the true nature of the Sources out of which wages come. Capital is nothing but one of the tools in the hands of living and thinking men, who reckon on its functions in the working

* Chap. III.

out of enterprise and design. When we talk about Capital, what we really mean—if we know our own meaning—must be those men who are the possessors of capital, and in all whose calculations the sense of that possession as a power and a right, is one of the determining conditions. What we mean therefore, by the functions of capital, can only be the functions of mental labour wielding the resources which antecedent labour, of the same kind, has placed at its disposal.

15. There is unfortunately no word which conveys this meaning in the English vocabulary of economic science, so as to express clearly the true agency which is at work in Capital. In the French language, the word *Entrepreneur* comes nearer to it than any other. But the corresponding English word, Undertaker,—besides the lugubrious associations connected with the appropriation of it to those who "undertake" to coffin and to bury us—has also this essential defect—that it suggests rather the function of a contractor who undertakes to execute a design or conduct an enterprise, than the function of the mind that has conceived it. The circumlocutory phrases which have been used to supply this want in the English language by some economic writers, fall short altogether of the true conception of the ultimate seat and nature of the agency which lies under and behind the bald idea of Capital. Thus, the word "Superintendence" has been used as equivalent to all the kinds of work which are not included in manual labour, and which come before it. But the mere "superintendence" of operations, however skilled or difficult, is altogether a lower kind of work than that of conceiving designs whether small or great. The word "Thinker" has been so much appropriated to abstract speculative philosophy that its associations render it unfit for that most eminently practical and fruitful of all work—the work of first conceiving the designs of industrial enterprise. "Designer" has been already appropriated rather extensively to the designing of forms, of patterns, of the lines of ships, or of some other kind of constructive art. The word "project" expresses the function that is discharged; and the corresponding word, "Projector," comes very nearly to the idea which needs to be supplied. Yet, curiously enough,

Bentham speaks with indignation of this word as applied to the originators of useful enterprises on the ground that it had in his time an opprobrious sense. No such sense attaches to it now. But even this word implies a somewhat later stage in mental work than the first conception of an industrial enterprise. There is but one word which can convey the idea of the real agency concerned in the larger and higher work of first conceiving the ventures of commercial or manufacturing or trading industry, and that is a substantive which, though formed in the strictest analogies of our language is not one habitually used. We speak of a deceiver, and of a receiver, but we do not often talk of a "conceiver." Yet this is really what we mean when we speak or think of the functions of Capital. The Conceiver is the mental labourer from whose work all wages come. He is the great Producer; and that which he specially produces is Demand —for the subordinate but co-operative labour of other men.

16. Now it is evident that the work of the Conceiver is done, and can only be done, under conditions which afford to him the highest attainable certainty in the data on which he calculates. First and foremost among these data, is the secure prevalence and established authority of a system of accepted doctrines—of a corresponding system of legislation and jurisprudence which recognises all rights, and enforces all obligations —especially those which arise out of deliberate contracts between man and man. All these data are summed up in the word "Security," which, as we have seen, has been in all stages of society, the one indispensable foundation of all wealth, and, therefore, lies at the very heart and centre of the Wages Fund.

17. There has been one great English writer who saw this conclusion, and who reached it through no pathway of sentiment or even of pure ethics—from no high doctrine on moral obligation. That writer was Bentham. His Utilitarian philosophy led him as straight to this truth as any higher philosophy could have led him to it from the doctrines of an Independent Morality. Bentham emphasises the facts and the sense of security depending on calculable data, as the one great indispensable foundation of all successful industry.* And so far

* Works, vol. iii. chap. iii.

from any advance in economic science being made in this high matter, by the new school of rebels and reformers against the older writers, there are evidences, only too well marked, of a relaxation of grasp over this cardinal truth. Thus even Professor Marshall, well-balanced as he generally is, attributes the stress laid by Bentham upon "security" to a kind of scare from the effects of the French Revolution, and describes Bentham as having himself "felt and fostered in his disciples an almost superstitious reverence for the existing institutions of private property." * It would be well indeed for the science of economics if a less "superstitious reverence" were paid to the scrappy conceptions now so often idolised in Capital-Lettered Phrases, such as those before referred to, and many others, and if more attention were devoted to the common abstract words such as "security" —which have been natural growths and not ingenious inventions—and which do really express conceptions of universal power and truth. Bentham was right, and his critics are wrong, in respect to the effects which he ascribed to all that the familiar word "security" expresses. If it be true that the springs of all human action lie in the individual mind, what can possibly be so important as that every individual mind shall have secure data on which to base all its foresight and estimates of consequence? And no one has expressed more strongly than Professor Marshall himself the facts of history and of daily experience, which assign this highest rank among economic causes to that one agency which needs, above all things, the sense of security as the fulcrum of its action. "The chief events in history," he says, "are due to the action of individuals. . . . Race qualities themselves are mainly, if not entirely, caused by the action of individuals." † This is true ; and if it be true, it must be true also that the conditions of security on which individual action wholly turns, must be the deepest seated and most abundant of the fountains of economic employment.

18. It becomes all the more important to dwell upon this relation between cause and effect, because of what we may call

* 'Principles,' p. 58. † Ibid., p. 10.

the silence and the secrecy in which it works. It belongs essentially to the Unseen. Its seat of operation lies in the individual mind, and in the power of instinctive motives there. Not only is it generally difficult for other men to trace and to identify its exact effects, but it is not even always consciously known to the individual mind on which that power may be most exerted. We see what is ; and we see what was : but we do not always see—indeed, we never can fully see—what might have been, but for impediments in the way. A man with some capital to invest—some intelligence in seeing—and some spirit of enterprise in taking advantage of opportunities, may be very conscious of some of the data on which he makes any particular venture, without speculating or even thinking for a moment on the effect of other data which have been taken for granted in his mind. In almost all cases he has many uncertainties to consider. There are always possible increments, and equally possible decrements in values to be considered—not one of which he can himself influence, and many of which he cannot even foresee. But those which he may be able in some measure to foresee, can only be so foreseen by calculations and estimates founded on data which are in themselves secure. The slightest suspicion of doubt cast upon any one of these will prevent altogether the very conception of a commercial enterprise. Nor is it merely that any insecurities of this kind will prevent such a conception growing and ripening to the birth, but they will prevent it from ever arising in the mind. The suggestions of opportunity are automatic in their working. They come to us, as light comes to us,—out of the action of certain stimuli upon certain adapted organs. In the absence of these stimuli the suggestions will not arise at all. But the absence of anything is a mere negation—unfelt, unseen, unknown—except to the highest exercise of reason, and of speculative thought. Only in the case of the introduction of some new uncertainty—in the case of some new attack upon conditions which had been before secure—only in the case of some change in the conduct of men towards each other—of some departure from the precepts by which that conduct has hitherto been determined,—

only in this case may we become fully conscious of the data on which we had relied before. Then, indeed, we may come to know what before had been assumed. And then, too, we become alive to the paralysis suffered by those motives which had impelled us to industrial conceptions.

19. The instinctive recognition of this sequence of cause and of effect has not escaped the notice of the world ; and as usual in such cases the world has found out a phrase, which, unlike the bad inventions of abstract thinkers, expresses by a true image the real explanation of the facts. What is called "the Sensitiveness of Capital," is a well-known expression in the commercial world. No application of the resources of language could be better. It not only expresses the fact with accuracy, but it explains it philosophically. The Sensitiveness of Capital means the sensitiveness of the conceiving minds of men who possess capital. The phrase recognises and expresses the identity of principle between the automatic working of the material organism, and the corresponding working of the mental faculties. Bentham was wholly right, and his critics are wholly wrong, on the power and rank of this fundamental law in economics. Governments when interfering with trade, as he most truly says, "by imposing restraints upon the actions of individuals, produce a feeling of uneasiness: so much liberty is lost—so much happiness destroyed.* Too great stress cannot possibly be laid upon the confidence to be placed in the only data upon which the conceiving mind can do its work. The slightest diminution of that confidence may, and does often, strike with palsy the whole spirit of enterprise. And very often, where this spirit is not actually extinguished, it is, as it were, deflected. It quits its old channels, leaving them bare and dry, and sterilising the fields of activity and of labour which it had fertilised before.

20. Professor Marshall can only refer to a gross misconception, or misapplication of Bentham's doctrine on the subject, when he describes it as leading to an almost superstitious reverence for all existing institutions. The special or local institutions

* Works, vol. iii. p. 43.

of any particular society, at any particular time, may not provide sufficiently—or may even actually tend to weaken—the full security which Bentham's doctrine demands as essential to the successful pursuits of industry. And wherever this failure in existing laws can be traced and proved, the doctrine, when properly understood, is always a doctrine not opposed, but rather leading, and guiding, to change and to reform. What the doctrine does discourage and condemn is not, necessarily, any change in existing institutions, but only any change which takes a wrong direction. And it specially indicates one direction which must be always wrong. It condemns as necessarily vicious any change which tends to impair the strength, or to dull the activity of the motives which are the incentives to all human work, by impairing the security on which the worker can alone rely for the rewards of his mental or of his manual labour.

21. Bentham was himself assuredly no blind admirer of laws existing when he wrote. He was an energetic, and, in some respects, an almost revolutionary, reformer. He was disposed, as we have before seen, even to exalt to an undue degree the function and the rights of mere human enactments, and to question, in a spirit of angry rebellion, the claim of any natural economic laws to control, or even to guide, the action of the jurist and the lawgiver. He, above all men, asserted the freedom of the legislative or collective will to pursue the paths indicated by an obvious utility. It is therefore all the more striking to find him instinctively recognising one great condition of prosperity as indeed insuperable. Although guided by no high ethical doctrine or even sentiment, he saw even in the lower light of the purest Utilitarianism, that there are in nature,—in the very constitution of the system under which we live,—some *leges legum*—some universal principles and facts—to which all human laws and institutions must conform, if society is ever to work out its own best results. And one of these universal principles and facts is the absolute dependence of all industrial enterprise on the security afforded to the individual conceiving mind, so that it can really count upon the constancy of certain agents, and can firmly trust to

the certainty of enjoying some consequent results from the careful employment of its own faculties. This is the true Wages Fund.

22. It is not too much to say that the foundations of a true economic science were firmly laid when a few French thinkers, in the last century, came to see this truth, and to establish it in the light of reason and philosophy. They were the predecessors and the teachers of Adam Smith ; and although, in the course of their great argument, they fell into not a few mistakes on points which were to them purely incidental, they laid deep and broad the basis of that body of doctrine which in England we now call Free Trade. In England, however, it has been unfortunately too exclusively connected with a subsidiary question and a local controversy, which concerned only one particular branch of the great principle contended for by the French economists. The mere question of abolishing import duties on particular articles of commerce, is altogether a minor issue as regards that principle in its more important applications. It is quite possible, for example, to hold the doctrine of Free Exchange, and yet to contemplate the raising of a revenue from the transactions of commerce. It is even possible to contemplate the imposition of import duties, in particular cases, for the purpose of preventing the entire dependence of a nation upon others for some indispensable article of national existence. It is well known that, on this ground, Adam Smith supported the Protective Navigation Laws as needed to maintain our naval power. Ricardo, who certainly did grasp the general doctrine of Free Trade, did also, nevertheless, advocate as a permanent measure the imposition of a fixed duty of ten shillings the quarter on the import of foreign corn.* It was not any mere method of raising a revenue from indirect taxation—nor was it any policy of defending a nation from complete dependence on others for special products—that Turgot denounced as so fatal to industry. Such questions, with all the qualifications and possible limitations attaching to them, were not in his mind at all. What the French economists saw and condemned in their

* Works, p. 491–4.

own country, was a vast, complicated, and ubiquitous system of municipal and provincial restrictions and restraints on the individual mind, in the assumed interest of innumerable local communities. Each province had its frontiers across which corn could not pass in that course of exchange between individuals which the interest and the enterprise of each would have naturally brought about. Each municipality was in a like position. Within each community, again, there were small groups of men organized in Guilds, or confraternities, all of whom had rights of interference with the personal liberty of individuals, in the supposed interests of each trade and of each local community. And such was the network of restraints then put on the conceptions of enterprise, that universal stagnation and increasing poverty were the result. The Wages Fund was reduced to the narrowest possible dimensions, because the one great agency which calls it into being, and maintains its action, was smothered in the breasts of men. This was the effect which Quesnay and Turgot saw, and which they traced to its true and obvious cause.

23. In our own country the same causes had existed, but they had been weakened by gradual reforms. The well-known case of the interference exercised over James Watt in the conduct of his experiments by the Guild of the Hammermen in Glasgow, was a case in point. In Scotland, every chartered borough, or town, lived, or considered itself to live, on the rights given to it to stifle any free individual enterprise in all who were not members of its own community ; and the very word "liberties" was used to express the rights thus claimed to suppress the freedom of the individual will both within their own body, and on the part of all who lived outside of it. This system did not attain in England or in Scotland to the extreme development which it reached in France ; and it is there, accordingly, that we can best see the results to which it necessarily led. A powerful exposition of the facts and arguments against the narrow interests, and tyrannical powers of innumerable local bodies, was embodied by Turgot in the edict which he drew up for Louis XVI., when, in 1776, he persuaded that Sovereign to suppress the French Guild (*Les*

*Jurandes*) corporations. Some few leading ideas permeate the whole of that remarkable State Paper.* The first is that the right of every man to the free disposal of his own personal strength and skill is an absolute right, the oldest and most indisputable of all rights of possession. The second is that the corresponding right of all other men to direct freely their own spirit of enterprise and their own capital, into whatever channels they thought best, is a right equally indefeasible, and is at the same time the great agent in extending and multiplying the opportunities of employment for all men. The third is that the tangle of impediments, placed by the Guilds in the way of that agency working to the best advantage, was so great as to be altogether beyond the possibility of estimation.

24. So true is this last idea, that Turgot was himself the most striking proof of it. He did, indeed, put a very high estimate on the power that would be exercised by adopting the system of Free Exchange. He did regard as almost the root of all the terrible evils under which the population of France was then suffering, the vast organisation of local and popular despotisms, which destroyed the liberty of the subject far more fatally than the powers of an absolute central government. He did put great confidence in the wakefulness of the conceiving mind—set free to do its appropriate work—in calling into action all the possible springs of industry. But deep and true as were those convictions in his mind, he did not, and he could not, then form any adequate conception of the possible effects of freedom. He saw the extreme poverty then prevalent in France, and although he saw one of its aggravating causes, he thought that other causes much more insuperable must remain behind. And so he conceived the idea of a natural law under which the wages of manual labour must always tend downwards to the level of a bare subsistence. This was a melancholy doctrine, and an aspect of something worse than melancholy was imparted to it by an accompanying theory, which was one of the peculiar speculative errors of the early French Economists. This was the theory that agricultural produce is the sole source of all

* Edit du Roi portant Suppression des Jurandes. Turgot, 'Administration et Œuvres Economiques,' p. 170.

wealth, and that the agricultural manual labourer was therefore the only real Producer. The combination of these two doctrines, when put together, presented this repulsive result—that by a necessary and natural law that very class in the population from whose particular labour alone all wealth was supposed to come, was, nevertheless, doomed to earn nothing more than a bare minimum of subsistence as the only reward of all they did for others.

25. The errors into which great men have fallen have often been seized upon with more avidity of adoption than the truths which they proclaimed. And so it has been with this lugubrious doctrine of Turgot on the law of wages. Ricardo, as we have seen, got hold of it, repeated it in its crudest form, and compacted its elements together, as we have also seen, by connecting it with farther errors on the necessary and inseparable connection between a low rate of wages and the very possibility of profits in commerce and manufactures. It would be difficult to find a better example of the power of bad abstractions. The use thus made in England of some of the teaching of the French Economists, reminds me of a clever saying respecting a rich Scotch baronet in the last century, who wished to supply a fine new house with pictures, and went for this purpose to see a great collection which was on sale at Tours. An old lady of his society, who was famous for her wit and wisdom, began, after his purchases had been made, to advise all her friends, if they wanted to buy pictures, to go at once to Tours; and when asked the reason she replied, "Because Sir John Dalrymple has bocht a' the bad anes." This is exactly what some of our English writers have done with the teaching of the French Economists. Notably it is what Ricardo has done with the famous abstract proposition laid down by Turgot, that the wages of manual labour tend to keep a certain level, and that a low one. There is good reason to believe that Turgot himself would not have held the doctrine in the extreme sense in which it has been applied. And Ricardo himself was more alive than his followers have been, to some, at least, of the limitations under which alone it has any elements of truth.

26. It is, however, more important to observe that it starts from assumptions as to matters of fact, which are not true. It is not true that agricultural products are the only source of wealth. Neither is it true that in agricultural production mere manual labour is the only, or even the principal, agency concerned. If Turgot had been able fully to estimate the sweep and penetration of his own leading and higher doctrine on the power of individual liberty to evoke, stimulate, and distribute the results of the productive faculties of men, he would have seen the true escape from theoretical conclusions which are founded on temporary and superficial facts—on a bad analysis even of these—and on generalities vitiated by the neglect of essential elements. But as he very truly said that the evil consequences of restrictive customs, and of restrictive laws, were indeed incalculable, so also was the virtue and the power incalculable of the liberty which he saw ought to be substituted instead. Highly, and truly, as he appreciated that virtue and that power, he did not, and he could not, foresee the mighty work which it was destined to accomplish.

27. We have seen in a former chapter how empty and deceptive is that formula for the sources of wealth which identified these with three things, "Land, Labour, and Capital;" and it was then suggested that an amended enumeration might serve some good purpose. The new category was—Mind, Matter, and Opportunity. Turgot's fundamental teaching was that the operations of the conceiving mind in its dealings with matter and with the physical forces, were in their own nature so multiform and complex that it was impossible to fathom the depths of mischief which must result from interfering with its opportunities. Upon the occurrence of Opportunity, most clearly and certainly, all those operations must depend. But this was exactly the hinge upon which the policy of restrictive laws and usages acted with immediate and disastrous effect. They shut out a thousand opportunities for every one which they professed to open. The very access to opportunity was closed and forbidden to all minds except a few; and these few were trained under stupefying customs, and under the paralysing effect of old traditions. It was impossible to

calculate the amount of work which would be the outcome of innumerable minds being set free to exercise their faculties on the inexhaustible resources of nature. The great French Minister could not foresee, for example, the sudden rise of that copious fountain of new employments—that immense "Wages Fund"—which, at the very time when he was writing, was about to be opened by the single brain of James Watt, escaping from the attempt upon its freedom which was made by the Hammermen of Glasgow organised as a Trade Guild. He could not foresee the almost boundless scope which would be given to his own doctrine on the virtues of Free Exchange by this one accession to the Opportunities of mankind. We have seen in our own time, what Turgot could not see, the later beginnings, and the steady swelling of the "continuous stream" which then began to flow. And even now we are only beginning to appreciate its economic effects in bringing the whole products of the globe within cheap and easy reach of all its parts—in establishing, gradually, everywhere an effective demand for them—in opening to the people of every country ever increasing opportunities of employment at home, and of making for themselves new homes in less crowded lands.

28. But although Turgot could not foresee all these things, what he did see included and involved them all. He saw—and he expressly said—that the system of restraining, and interfering with, the liberty of the individual mind, was a system the mischievous effects of which could not possibly be appreciated to the full. The converse proposition was involved in this—that the opposite system of setting the individual mind free to see and to seize on all the opportunities of nature, and to create new opportunities for itself, would have beneficent effects which no man could calculate. If he himself failed in this calculation in regard to one speculative question of immense importance—namely the law of Wages—it was a failure which did but confirm his own fundamental conception of the inexhaustible resources lying undeveloped in Mind, Matter, and Opportunity. His assumed law regulating wages was based upon a hasty generalisation from existing

conditions. He saw in his own unhappy country an increasing disproportion between the number of manual labourers who sought employment, and the number of those who were able or disposed to offer it. He saw, indeed, that this disproportion might be materially diminished by a great reinforcement to the number and activity of those in whose minds schemes of enterprise were suggested, encouraged, and rewarded, under a system of Free Exchange. But he had no idea how large this effect might be ; and still less had he any idea that the disproportion which he saw in France might be not only annihilated, but even actually reversed.

29. This was natural enough. But besides this source of error, there was another which is of wide, and indeed of almost universal, application to all abstract reasoning. There were elements in the case which he neglected. He forgot that there may be, in the nature of things, a constant and inevitable tendency in one direction, which, nevertheless, may never entirely get its own way, because of other tendencies in an opposite direction, by which it is held in check. It is evident that Turgot, in his famous paragraph* on the law of Wages, unconsciously assumed, although he did not actually express, that doctrine on the law of population which was afterwards formulated by Malthus. He saw as a fact that population in France was then pressing very hard indeed on the limits of subsistence ; and he jumped to the conclusion that it must always do so. The steps of his argument make this assumption clear enough. They were these:—there are always "a great number" of labourers seeking for employment. Employers always desire to hire labour at the lowest price. The great number of labourers, always competing with each other, are induced to offer their labour at as low a rate as they can afford. Whence it happens, "and always must happen," that wages are lowered to the level of a bare subsistence.

30. All this train of reasoning seems to run so very smoothly that it has been widely accepted, and continually repeated, as if it were without a flaw. Whereas there is not a single one

* 'Reflections sur la formation et la distribution des Richesses,' § vi.

of the propositions it contains that is universally true, nor is there one of them that is even true at all—except with important qualifications and limitations. There is, however, one of them, and that is the first, which is at least based upon a universal fact. The assumption of Turgot, that there is always a "great number" of men competing for employment, was evidently grounded on the fundamental proposition afterwards dwelt upon by Malthus, that the breeding power of the human race is enormous, that it does always tend to such multiplication of numbers in proportion to the means of living, and that, under certain conditions, it does so to such a degree as to press very severely on the limits of subsistence.

31. The doctrine of Malthus on population, when thus simply stated and when strictly limited to the conception of what in physics is called a "potential energy"—always existing, and always working more or less in fact—has always, also, appeared to me to be not a theory at all, but an indisputable fact. There is not a single community of men anywhere in the world which does not illustrate its truth, inasmuch as there are none in which the getting of food—the winning of a subsistence—does not generally require some more or less constant and sustained exertion. But no such exertion would be required if there were no pressure on the means of subsistence—that is to say, if there were no competition among numbers in that one necessary work of labour—the procuring of the means of life. This fact is as forcibly illustrated among the thinnest and sparsest populations of the world, as it is amongst those which are most full and crowded. Indeed, the fact is generally much more conspicuous among thinly scattered savages than it is among populous and civilised communities. Moreover, it is certain that this universal condition of things is the necessary stimulus to all exertion, and that without it our race would want the most powerful of all the motives which are the springs of industry. The power of multiplication which exists in the human species, and indeed in all other animals, on the assumption that it starts and continues under conditions of effortless access to abundant food, is a power, the result of which is as capable of arithmetical demon-

stration as that of the doubling of a grain of wheat upon each square of a chess-board.

32. This power exists as a pure matter of fact, but the extent to which it can actually work depends on as purely hypothetical conditions. The mistake has been to assume conditions which do not exist in nature—one of these conditions being the non-existence of other laws, which are as much matters of fact as the law of potential increase. A mere tendency is not a supreme power. It is a mathematical certainty, for example, that in our planetary system, our own world, and every other world, has a constant tendency to fly off at a tangent to its orbit, and if we were to fix our attention on this alone, we might dwell on and expound the disastrous results which must be the goal of its operation. But the opposing centripetal forces are as constant and as powerful as the centrifugal, and thus a balance is maintained. So it is with what has been called the Malthusian law of population. It has been attacked with a vehemence and indignation which can only be accounted for by the fact that it has been looked at as if it stood alone, and as if the alleged tendency could ever exercise a supreme and undivided power. Malthus himself, indeed, did see, and did specify certain limitations which he called "checks," and these form an essential part of his theory taken as a whole. But his specified checks have been as obnoxious to many minds as the power of increase which was his fundamental proposition. This has arisen partly from that spirit of rebellion against the very idea of the human Will being subject to natural laws—a rebellion which we have before traced in the language of Utilitarians when they apply their system to the conceptions of jurisprudence. But it has also arisen from the error into which Malthus himself fell in imagining that he could count and exhaust the "checks" on the unlimited potentialities of increase; and could therefore establish some measurable numerical ratio between these two potentialities—that of self-multiplication, and that of food production.

33. The complexities of our human nature, in its manifold relations with the external world, are far too great to be

handled in a list of "checks" accurately enumerated and neatly ticketed on the plan of Malthus. He saw some of the habits and practices which, in various regions, have actually had a powerful tendency to keep down the rate of breeding—such as the savage customs of infanticide, and the equally savage usages of marriage, which have extensively prevailed. He saw, too, how the same effect might be attained by the substitution of deliberate motives of a higher kind. But what he did not see,—what Turgot declared to be indeed incalculable and unforeseeable,—was the operation of natural causes on the power of food production to be developed by institutions recognising natural rights of freedom in the exercise of universal instincts, and of the immensely various faculties of men. And amongst the effects of these causes, there is one which strikes directly against a cardinal proposition on which, as we have just seen, Turgot founded his theory of wages. We have now discovered, and only very lately, as the result of scientific observation and experience, that low-priced labour is not necessarily the cheapest, and that there is a constant tendency in the experience of Free Exchange to establish the conviction, among employers, that low-priced labour is apt to be poor labour, because it is comparatively unskilled, unintelligent, and therefore inefficient.

34. Who can fully estimate the ultimate bearing of this new conviction? For here, again, we come across a practical denial and disproof of the Ricardian doctrine, that it is always the lowest of productive machines or agencies that regulates the exchange value of the commodities they produce. In a former chapter, we have seen, by the clearest analysis, that this doctrine is a fallacy, and that, on the contrary, the best and most efficient work, and the best and most productive agencies in work, are the rulers of value in the market. If this be true, we can see what must become of Turgot's belief that the lowest bidder among manual labourers must always tend to regulate the wages of all his fellows. Exactly the opposite conclusion emerges as the outcome of new conditions —the conclusion, namely, that the high value naturally assigned to highly skilled labour will have a favourable

influence in raising the value of other classes of labour, which, though less skilled, may be nevertheless equally indispensable as an element in productive work. This reactive effect of the higher upon the lower values, is visibly and indisputably obvious in the case of the highest work of all—namely, the work of the Conceivers in every branch of manufacturing and commercial enterprise. It is their work which creates an effective demand for the labour of every subordinate class of worker from the highest to the lowest; and it is the comparatively high reward which accrues, and justly belongs to them, that forms the Wages Fund of all whom they have occasion to employ.

35. Again, there is another law which emerges from the same great group of causes interacting with each other—and this law has the same counter-tendency to qualify, abate, and even wholly to reverse, the apparently sound reasoning on which Turgot founded his theory of wages. One of the results of that abandonment of restrictions upon freedom in exchange, which he saw the impossibility of estimating fully, was to alter the very meaning of what he called subsistence. The tendency, he thought, was that wages should be lowered to the maintenance of mere life. But what does life mean? Does it not mean some estimate which becomes established as to the conditions which make life desirable? And does not this estimate vary from age to age, and may not the whole hinge upon which its variations turn, be that very standard of life which is raised by increased production—by the cheaper production—by the wider distribution—of commodities? And do not the whole of these changes depend entirely on the abundance of opportunity which is afforded to the conceiving mind in all the enterprises of commerce?

36. Then, again, it is most difficult to remember the fact, and still more difficult to estimate its bearing fully, that the mere increase of population—if it takes place among men in whom a higher standard of life has become established—becomes in itself a new source of wealth, inasmuch as every worker in productive effort becomes also a better consumer as well as a better producer, and sets up, by virtue of the very existence

of his life, with all its desires, a more and more effective demand for the products of some other men's exertions. Thus the greater the number of human beings that exist—provided always that they exist in the healthy condition of an ever-improving standard of life—the more do they produce that demand for all the products of work which constitutes what we call a good market. This increasing demand evokes ever new openings of opportunity to enterprise, if it be really free; whilst, again, if the increase of population does really become so rapid as to press severely on all the existing resources of industrial enterprise in any particular areas of country, at least that enterprise has also provided such rapid and easy channels of overflow that it has tended more and more to make human society approach to the condition of what physicists call a "perfect fluid," in which all the parts move freely in all directions; so that when equilibrium is disturbed in one place, it tends to be quickly re-established in another.

37. This is a chain of cause and of effect so closely linked together, and so continually being confirmed by the actual facts of life as we see them now, that it is impossible to doubt its strength. But it is absolutely necessary to remember that it is a chain from which no link can be omitted without destruction. If the potential energy of multiplication is exerted to the full, or in any degree approaching to the full, among men who do not themselves produce anything but their own species, and who, above all things, do not develop in themselves an increasing demand for the commodities produced by other men—then the pressure upon the limits of subsistence may, and indeed must, become as severe as the most extreme statement of the Malthusian law has ever represented it to be. Like all other great natural laws, it is a hard law to those who do not, or will not, recognise its existence, and who conduct themselves in defiance of it. It is not easy even as regards our modern societies, since the time when numerical estimates, or actual countings of population have been established, to get at a clean and clear case showing the actual results of the multiplying power of population when exerted with little or no restraint. The facts are generally complicated by the more

or less extensive influence of immigration. As regards all city populations this influence is supreme. There is, however, one case in which we can estimate very nearly the effects of mere breeding with little or no complication from this cause. It is the case of Ireland for the last half of the last century, and for the first forty-six years of the present century. And the facts of this case are indeed a memorable lesson in economic science.

38. It is not until the close of the seventeenth century that we get rid, in the history of Ireland, of the special local causes which had so long affected it. We have seen from indisputable evidence—that of the Celtic Annalists themselves—what those causes were during the whole of the Middle Ages. Continual and savage intertribal wars kept down the population to the lowest level both in numbers and in wealth. After the intertribal wars were put an end to by the conquest of Elizabeth, the wars connected with religion which followed the Reformation over the whole of Europe, took up the same sad function of imposing calamitous checks on population. Eleven years of war had followed the Irish massacre of 1641. The agricultural stock of Ireland is said to have been reduced in value from four millions sterling to half a million. There were famine prices of corn in 1651. Starvation, and the diseases which always accompany it, were said to have reduced the population by 689,000 souls. Famines and plagues had been frequent before then; and if it had not been for the English settlers who were drawn to Ireland by the war, the island would have been almost reduced to desolation. Close to the end of the century, in 1695, the total population of Ireland was not more than 1,220,000, and even this was a considerable increase on the estimate of the population in 1672, which was then not more than one million.

39. With the opening of the eighteenth century all similar sources of depopulation wholly ceased. There were no plagues, no famines due to ravage, and no serious wars. The Plantations had ceased also. Nothing remained to arrest breeding except such economic effects as may be attributed to the religious penal laws; and to the laws restrictive of Free Exchange. But we must remember that as regards both of these evils, there was

nothing which stands alone in the Irish case. Both of them were then universal over Europe, and in some countries in an aggravated form. Both must have been injurious in Ireland, as they were injurious everywhere else, though it may well be questioned whether anything happened in Ireland, under the penal laws against Catholics, so economically destructive as the expulsion of the Huguenots from France, or as the innumerable laws and legalised customs of municipal bodies, and of Trade Guilds, in restraint of trade, which Turgot described and denounced in that country. But this farther fact is to be noted in respect to Ireland, that both the penal laws and the laws in restraint of trade, were in course of rapid modification and amendment during the latter half of the eighteenth century. The penal laws, which in principle deserved all the denunciations of Edmund Burke, had been so little practically enforced, that the number of the Catholic secular clergy in Ireland, which was 872 before they were enacted, had been allowed to increase to 1445 in 1731, or during the first twenty-six years of the existence of those laws in the Statute book. They never could materially affect the enterprise of the principal holders of property and of capital in Ireland, who were chiefly Protestants. At all events, both these causes of discouragement were more than counterbalanced, so far as regards the breeding power of the people, by one event, the effect of which has had no precedent or example in any other part of the world. This was the introduction of the potato cultivation, and the extent to which it was almost immediately pushed in Ireland. It was the advent of an entirely new source of subsistence, which had these special characteristics—that it was susceptible of an easy and lazy cultivation—that it had enormous reproductive power—that it was capable of sustaining human life in a like proportion, and, last not least, that it seemed to have the effect of contributing much to the prolific qualities of a naturally prolific race.

40. The result was a signal illustration of the law laid down by Malthus as to the potential energy of human multiplication in swelling out to the utmost limits of subsistence, when the standard of desire is a low one. Even before the potato

cultivation had been established, the mere fact of the security given by internal peace, and the substitution of definite rents regulated by the demand of the market, instead of the old Irish limitless exactions, had this result, that in the thirty-five years from 1695 to 1731 the population had risen from 1,220,000 to upwards of two millions, and that in sixty years more, in 1791, the two millions had more than doubled itself, the estimate then being 4,200,000. When Wolfe Tone, the famous rebel of 1798, was trying, in 1796, to sell his own services, and the dominion of his country, to the French Revolutionary Directorate, he always impressed upon its members that Ireland had then a population of four millions and a half.* This seems to have been the accepted calculation at that time. Newenham, the careful authority from whose work I have taken most of these figures, writing in 1804, calculated that the population of Ireland was likely to double itself in forty-six years, and predicted that in 1837 it would be found to contain 8,413,000 inhabitants.† And although this estimate turned out to be somewhat premature, it is now known that ten years later, just before the famine of 1847, the population must have actually risen almost exactly to that figure, or approximately to 8,420,000; that is to say, it had multiplied itself by four, during little more than the extreme limit of a single human life, which may be taken at one hundred years.

41. Moreover, it is to be remembered that, besides this great multiplication in Ireland, the breeding power of the people had thrown off large swarms into military service on the Continent. Between 1691 and 1745 it has been computed that 450,000 Irishmen fell in the wars of France. And besides this, emigration to America had begun, and in some years succeeding 1770 amounted to more than 9000 per annum. When all this is considered, the rate of increase of the Irish race from breeding is a memorable fact. And the most remarkable circumstance connected with this great breeding of the Irish

* See "First Memorial" to French Directory.—'Life of Wolfe Tone,' vol. ii. p. 182.

† 'Newenham's Inquiry,' 1805, p. 320.

race on a low diet, chiefly of potatoes, is that it did not go on unobserved, but that, on the contrary, highly intelligent men recorded it, and dwelt upon it with pleasure, as a signal proof of great prosperity. Arthur Young, who travelled through Ireland in 1777–9, noticed it especially, and gives some cases which came under his own observation, of the extreme facility with which an Irish peasant could erect in a single day a cabin of loose stones and turf, marry at the earliest age, and raise a large family with little labour, and on an abundance of the cheapest food.* Nay, it is still more curious to observe that this distinguished man formally propounded the question to himself and others, whether it was, or was not, an advantage "for the great body of the people of a country to subsist upon that species of food which is produced in the greatest quantity by the smallest piece of land?" And he adds, "One need only to state, in order to answer the question, It certainly is an object of the highest consequence"—meaning of the highest advantage. It is impossible, therefore, to blame the poor Irish for doing anything they did, when educated men were so blind as this—when they did not see that a very low standard, both of labour and of food, is incompatible with a really thriving people. Yet it is a fact, that nobody then did see it. It was regarded with the greatest satisfaction, and quoted as a sign of great prosperity. The fame of it was spread abroad even on the Continent, and we are told that Turgot, in the administration of a French Province which was full of poverty and distress, tried to introduce the potato that the Irish example might be followed. It never seems to have occurred to any human being that there was a tremendous danger lying hid under this enormous multiplication of men with a very low standard of desire, and that it was only under very different conditions indeed that it could possibly be reckoned as any indication of growing wealth, or of a rising prosperity. And yet, when we now come to think of it, the danger ought to have been obvious enough. In 1842 Cobden denounced in the House of Commons the fallacy that mere cheapness of food could tend to the production of wealth. It would run

* 'Young's Irish Tour,' vol. ii. p. 110.

the risk, on the contrary, he said, "of spoiling not merely the animal, but the intellectual creature. It is not a potato-fed race that will ever lead the way in arts, arms, or commerce." But even then Cobden did not contemplate as possible such a catastrophe as that which was then at hand. The Irish peasantry were indeed producers as well as consumers, as all other men must be except paupers and lunatics ; but they were producing in abundance only one kind of food, which they consumed themselves, with only a very small surplus generally embodied in a pig ; and they were producing in themselves hardly any demand at all for the productions of other men. And this is just the condition of things which many sentimentalists, and not a few speculative theorists, do now contemplate as a happier condition of things than that of men urged by higher desires as regards the standard of their own life, and compelled by competition to secure the gratification of them by ministering more abundantly to the wants of others. It is sentimentally a pleasant picture, no doubt—the picture of men cultivating the soil, and producing from it almost all that they consume, with very little saleable surplus—hardly needing to purchase anything "outside themselves," and that little paid for by a few eggs and a pig. But these are not the conditions under which the laws of our human nature will permit a large population to generate and be multiplied with safety. Society is an organism, whether we choose to recognise it as a fact, or not. It demands of all its units some good functional work in building up, or in sustaining, or in defending, or in some way serving the whole body. And if that body swells and grows only by a kind of accretion—a mere increasing aggregation of particles, cohering only, but not dynamically connected by the most subtle ties and forces of co-operative interaction—then it must be a morbid body, liable to sudden causes of decay and death. And so, in the Irish case, there came a rude awakening—when the single vegetable which had been made the staple and the staff of life to hundreds of thousands of human families, was suddenly invaded by a new disease. Then they were at once involved in all the horrors of a famine. There had been no corresponding increase of real

wealth ; no storages by the production and exchange of other commodities which other men cared to have. And not until the balance had been restored by the emigration of nearly one half of the whole population of Ireland, has a better prospect been opened to those that remain.

42. Never in the history of civilised nations has there been such a terrible but telling object lesson in economic science as the Irish famine of 1847. In its immediate, and in its latent causes and effects, it illustrates almost all the unseen foundations of society. It establishes by an actual example the proposition laid down by Malthus, that there is a breeding power in the human race which under certain conditions is so enormous as to tend to press dangerously upon the limits of subsistence. It emphasises the circumstances under which this power may become most dangerous, and identifies these with the conditions of a lazy and cheap abundance, and of a consequently low standard of desire. That is to say, it indicates the real source of danger as lying in those conditions which make the growing numbers of any community useless to other men as a market for the products of their labour. They thus reproduce nothing but themselves, contributing nothing to the increasing number, and to the increasing complication, of those needs and desires which at once create and satisfy an ever-increasing amount, and an ever-rising level, of Demand.

43. But if this case of Ireland, in the enormous increase of its population during a period measured by the occasional duration of a single human life, say between 1747 and 1847, proves to demonstration the Malthusian law of the potential energies of human breeding under certain conditions, it is not less a signal illustration of those opposite conditions under which other laws are called into operation to balance and to restrain, and under which, consequently, a great increase of population may be, and generally is, a great and a sure indication of real prosperity. These conditions are all summed up in the facts and in the doctrine, as to the real nature and resources of the world's true Wages Fund. It consists essentially in the limitless desires of men, and in the limitless progress of man's inventive faculties for the satisfaction of those desires, where

new openings of opportunity are left free to the detecting watchfulness of all. This is the doctrine of Free Trade. It was the doctrine first clearly seen by the French Economists, and the only error into which they fell was this—that they did not even themselves appreciate fully the enormous power which their own policy would exert over the condition of humanity, when that power came to be developed by the actual enjoyment of even an approach to the comparative freedom of the individual mind, over the whole world.

44. The case of Ireland, then, with its great increase of population during 100 years, dating back from 1847, together with the catastrophe with which it ended, and the continuous depletion which has been going on ever since, when compared with the case of all our great cities, and of Great Britain as a whole, is a perfect illustration of the conditions under which such an increase is a real sign of prosperity, or, on the contrary, a sign of the most serious danger. And both cases found their explanation in a true theory of the Wages Fund. When men go on breeding in houses which no artificer is needed to build, or to finish, or to equip, or to adorn; when they multiply on food which they can produce in abundance by the laziest labour of themselves alone, producing without help of others nearly all that they consume, and consuming nearly all that they produce—then a rapidly increasing population is a danger to themselves, and of course to others. The Malthusian law that such a population must tend to press upon the limits of their subsistence is then seen acting by itself alone, without any check, because without any share in the compensating action of other laws as important as itself. On the other hand, when every new unit, born in an increasing population, becomes in itself the centre of a new area of demand, as well as a new centre of supply, then the increase is safe and healthy, because the production of ever new demands is the most fruitful of all production. Every new consumer becomes in himself a new producer. His own needs and desires rise with the needs and desires of all around him, and in the increasing stimulus to exertion which he feels himself, he contributes something at once to create and to

satisfy, throughout society the same ever-widening area of Demand.

45. But this state of favourable equilibrium in a continuous increase of numbers depends on the most delicate of all adjustments between conditions which are as sensitive as they are invisible. In particular, and at the root of all, it depends on the most perfect freedom of movement in the individual mind, together with the greatest attainable certainty and security in the data of its calculations. In these lie the springs and the fountains of all human enterprise. Everything which injuriously affects these—whether it comes from bad religions, or bad laws, or bad customs, which are often more powerful than any laws—strikes directly at the true Wages Fund of the whole world.

46. And what is above all things to be remembered is, that almost everything which does thus injuriously affect either mental freedom, or the security of external conditions, works for the most part in the dark. It produces its disastrous effect silently, secretly, and very often entirely undetected and unperceived. For who can see or estimate the effects of doubt, or the operation of a general spirit of discouragement on the minds of men? The "sensitiveness of capital" has become a recognised phrase for the expression of a natural, necessary, and universal fact. It means the sensitiveness of the individual men who are in the possession of capital; and this proverbial sensitiveness is the index and the measure of the effect produced by any causes which produce among them hesitation, or still more, which justify alarm. If they see, or if they think they can even foresee, any new or arbitrary restraint on the perfect freedom of the markets in which they must buy, or in the markets in which they must sell again—still more, if even the shadow of a doubt is cast upon such fundamental conditions as the security of contract, or as any failure in the government of society to respect all lawful rights, and to enforce all lawful obligations,—then they simply abstain from acting even on the suggestions of enterprise which may actually occur to them. Still more do they abstain from that deliberate mental work which consists in that active and

watchful search for opportunities which can only be encouraged under conditions of perfect freedom and stability.

47. It is in the light of this consideration that the wage-earning classes must weigh with great care the indirect and unseen effects of those combinations amongst themselves which are intended to force up higher rates of remuneration for the share in work which they themselves contribute. There can be no question as to the right they have to form combinations for that purpose, in so far as they can be strengthened thereby in making their bargains in the labour-market, by the simple withholding of those services in which they deal, and without which production could not go on. They have a clear and natural right to reckon on the indispensability of those services, and to make the most of it. But they must reckon also on the alternative which is involved in this connection, and upon this alternative being the one which may, and which more or less extensively does, actually take effect. It is true that they are necessary to Production. But it is also true that Production is still more necessary to them. And in production they are not the primary, but only the secondary factors. They never, as a rule, can have the initiative. Those in whose minds the real initiative in all industrial enterprise lies, may prefer the alternative of ceasing to conceive designs, or of ceasing to invest capital in designs which had perhaps already been conceived, of stopping invention, or of turning their thoughts and inventive and speculative faculties in some new direction. As Professor Marshall says—if trade combinations, or customs, or prejudices, "fortify themselves irresistibly in any town, the wave of progress simply avoids that town." * And all this may be done without a word said, without any outward or visible sign or warning of any kind, sometimes almost without any definite consciousness on the part of those who are discouraged. Nothing is seen, nothing indeed is visible. But behind the veil of things obvious to the senses,—in the region of the Unseen,—in the silence and secrecy, and in the absolute independence of the motives of men,—there may be an insuperable influence at work, which will

* 'Principles,' p. 59.

diminish seriously the only fund out of which all wages come, or, in particular places and employments, may extinguish it altogether.

48. There is no other remedy against the dangers arising from the new facilities, and the new passion for combination in our own time, than that the wage-earning classes should see through a number of fallacies which have long been taught to all of us in the name of natural and inevitable economic laws. It is no discredit to them that they have rebelled against a science which seemed to establish so many repulsive doctrines. Still less is it any discredit to them that they were unable to detect fallacies which have long deceived men of acute intellect and of wide instruction. But it would be a misfortune, indeed, if, under the influence of a general revolt from the dicta of a science which was too often "falsely so called," they were to rush to the conclusion that there is no true science on the subject at all, and that the human Will can do anything it likes without taking any heed of, or yielding any obedience to, laws which are veritable laws of nature. Fortunately, the accumulating experience of human life, and the visible emergence of many elements in economic laws which were before unseen, or neglected, are now tending more and more to reconcile the convictions of the intellect with the aspirations of the heart. The cruel Ricardian dogma that there is no way of securing good profits in trade or manufactures, except by keeping down wages to the lowest possible rate, has been proved to be a gross fallacy and delusion. It has now been recognised, as a fact, and as a law, that the highest paid labour is also the most efficient. Professor Marshall has justly spoken of this fact as one "more full of hope for the future of the human race than any other that is known to us." *

49. Again, it has now been also recognised as a fact that the establishment of a higher standard of life,—of more wants and more desires,—has a natural and invariable tendency to check improvident marriages, and to put such natural and unconscious restraints on the increase of population as to hold

* 'Principles,' p. 555.

in some check the pressure of it on the means of subsistence. Farther, it is admitted that combinations for purposes strictly economic—that is to say, purposes in the nature of organised insurance against sickness, or organised mutual assistance in the acquisition of property in land and houses, or for becoming associated capitalists and so sharing in the profits of capital,—are all combinations purely beneficent, having no unseen reactive effects against the opportunities of employment.

50. But more than this—if the corrected doctrine contended for in these pages be the true one, it becomes clear that a larger and larger consuming power—a higher and a higher standard of aspiration and desire on the part of the masses of the population, is for the direct interest of every section of the community. Economic science teaches as an absolute truth that everybody is profoundly affected for the better by the prosperity of everybody else. Nobody can get wealth except by serving in some way the wants of others ; and even the mere spending of wealth when once acquired, in any way not positively vicious, is in itself the production of that Demand which has the most powerful effect of all among the sources of general prosperity. Last and best of all among the changes in a reformed economic science—we are discovering, more and more, that it is no science at all if it be dissociated from the highest facts and laws which are supreme over the conditions of humanity. Happily, the newer school of writers on economic science are awakening to the true dignity of their great subject. The wide horizon which has been claimed for it in these pages, and which has been shown to belong to it under the strictest rules of a logical definition, is recognised by one of the most eminent of the living writers who are now trying to reconstruct it out of the shattered fragments of a great revolt. The besom of reform has not indeed swept away as clean as it must yet do, the fallacious phraseology and conceptions of the Ricardo-Mill philosophy. The language of the new and better teaching is still deeply infected with them. But it is a great gain when we find in Professor Marshall's pages such a passage as this—"We have also seen how the use man makes

of these (natural opportunities, etc.) advantages depends on his ideals of life, and how inextricably, therefore, the religious, political, and economic, threads of the world's history are interwoven." *

51. All these new and higher lights cast upon the true nature of economic science—every one of them tending to relieve it from the just opprobrium of repulsive doctrines, and to reconcile all our higher aspirations with truer intellectual conceptions of the order of nature—ought to encourage the wage-earning classes to think most carefully on the influences which do really tell upon the "Fund" out of which they are paid. They have rebelled most justly against the doctrine that it is nothing but a sum of money belonging to other men. But the mere negation of this doctrine will carry them but a little way towards a full appreciation of very complicated facts. And yet they have only to put some of the commonest of these facts into the witness-box, and if they know how to cross-examine these facts to the full, the result will be an education in itself. Let any of them who are employed in any one of the thousand enterprises which are directed to meet the various demands of our complicated civilisation, put to themselves this simple question:—"What is the part we play in this enterprise as a whole?"

52. The answer to this question will be the same whether we take the smallest or the largest kinds of enterprise—those connected with making, or importing, or distributing the necessaries of subsistence, or those connected with the merest luxuries and superfluities of our modern life. As an illustration of this last class, let us take, for example, the well-known establishment of Mr. Bull, in London, for the cultivation and sale of flowers, and especially of the beautiful exotic tribe of orchids; or let us take the case of another pure luxury born of the discoveries of chemistry, and of one fraction only of the enormous capital and labour employed in that industry—the fraction invested in the operations of "Eastman's Photographic Materials Company." In the first-mentioned business, we have one conceiver employing a

* 'Principles,' p. 331.

large number of men of all grades of skill, and at all corresponding rates of wages from 3*s.* or 5*s.* a day up to salaries of £100 a year, entirely employed in a cultivation which is directed to meet an effective demand for nothing more substantial than lovely flowers. What share has any one of these men taken in the original conception of the enterprise? The answer must be, "None at all." What share has any one of them had in the thought and care which directed the search for rare orchids in every tropical region of the globe? None at all. What share has any one of them had in the risk involved in the large outlays needed for sending out orchid-hunters,—for establishing corresponding agencies—for the hire of land in a convenient situation, and for the erection of the costly glass-houses needed in the cultivation? In not one of those conditions has the manual labourer had any share at all. Every one of them comes from other men, and yet every one of them is essential to the opportunity which has been thus opened to the wage-earner for a comparatively pleasant and remunerative employment.

53. In the other case—that of a great factory for the manufacture of photographic materials—there is a still larger disproportion between the contribution of those who are employed in manual labour and the sum of the other elements in the production. In the case of the orchids, these flowers are in themselves what so many economic theorists call "free gifts of nature," as cows and horses and sheep also are; and although there is much human labour, as we have seen, in the enterprise of collecting and of cultivating them, still, the propagation of flowers, like the propagation of animals, is a process of physical nature, and all that man has to do is to calculate upon its universal laws. But in the photographic art every step has been a discovery and an invention—an adaptation after adaptation of the most refined chemical analysis to mechanical combinations. The factory devoted by the above-named company to the preparation of the materials on a great scale, exhibits such a combination of ingenious contrivances that we are told by a visitor how the impression produced upon his mind was that of "wonder at

the master mind which first set it agoing." * Let any one of the men employed by this company just try to measure, if he can, the comparative contribution which he makes towards the causes of the results thus obtained, and he will be able to measure also, at least in some degree, the fallacies which tell him that all the wealth produced in the world is the result of the labour of himself and of his mates. He will also have some suggestions conveyed to his mind as to the multiform sources of the real Wages Fund out of which he and all those mates are really paid. It consists mainly of the brains of other men —of the men who conceive the designs of enterprise—of the men who manage the application of these ideas—of the men who risk capital in the exercise of an intelligent confidence in the stability of the conditions on which calculated success depends. And, underlying all these, there are those opulent conditions of society which set up a demand for objects of refined and educated desire. To no one of these does the manual labourer, as a rule, personally or consciously, contribute anything. Nevertheless, unconsciously and passively he is a factor in the whole, in so far as the market rate of his wages must always be an important element in the calculation of all those brains whose labour is antecedent to his own in point of time, and higher than his own in point of quality, because higher in the order of causation. This is the leverage upon which the wage-earning classes intend to operate directly when they combine to withhold their own specific contribution to the total work, until its value, or the rate of their own wages, has been increased.

54. As regards this purpose and intention, two questions inevitably arise from the analysis we have reached of the conditions on which all enterprise depends. The first of these questions asks: "What is the rule or the principle by which it ought to be regulated?" The other question is: "What are the possibilities of success on the one hand, or of disastrous failure on the other?" This last may seem to be the more important and the more urgent than the first. But inasmuch as ideas and conceptions of the mind are the really governing

* 'The Amateur Photographer,' May 27th, 1892, p. 421.

powers of life, and inasmuch as the perception and consciousness of this is the highest prerogative of reasonable beings, the first of these two questions is the one which must be asked and answered before we can even put the second. Do the wage-earning classes really see what, as a pure matter of fact, is the true position of the manual labourer in the chain of cause and effect on which all production and all wealth depends? They are continually told that "labour" is its one unique source and fountain-head. Do they, or do they not, see the delusion which is thus palmed off upon them under cover of an abstract and ambiguous word? If they do not see this delusion—if they imagine that the work of their hands, with whatever skill it may involve, is the source of all value, then the idea and intention with which they will combine, and which will govern their conduct, will be one animated and often embittered by a vague but an abiding sense of wrong. The facts of life never do, and never can be made to square with this idea. It is an idea which underrates enormously the ingredients in total value which other men, and other agencies, contribute. Out of that total manual labourers can never get that share which an exaggerated estimate of their own agency has induced them to expect. Profit—sometimes large profit—will be made out of enterprises in which they have been taught to see nothing but their own feet and hands. The visible presence and the sense of these comparatively mechanical agencies, act like a thick curtain hung between them and the immense, but delicate, and unseen, machinery of mental energies that are the real motive power on which all the value of their manual labour depends.

55. The moment this curtain is removed, or is made transparent by the analysis and recognition of facts, a flood of light is cast upon the ideas which ought to govern combinations intended to operate on the wages of manual labour. In the first place, it will tend to remove that sense of injustice which rests entirely on the disproportion between results expected, and results actually attained. It reveals those expectations to have been founded on a complete miscalculation and misunderstanding of the greater number, and of the higher character

of those agencies which are antecedent to manual labour, and have to be assured of their reward before they will work at all. The wage-earning classes have been not one whit more blinded on this matter than many men of the highest culture. The empire over our intelligence exercised by the palpable and the visible elements in all work, has been as despotic in the one case as in the other, whilst the power of deceptive abstract words and phrases has been far more widely operative in the case of highly-educated men. And one of the very first practical conclusions to be derived from the unveiling of the unseen elements in Production, would be this—that all combinations among wage-earners, which have for their object or their effect, any interference with the management of industrial concerns, must be, of necessity, in the highest degree unjust and dangerous to themselves. It must be unjust because, as a matter of fact, the whole of the initial conception of such concerns has been the work of others. The whole labour of embodying those conceptions in detailed designs of construction, or of machinery, or of selection of time and place—all this also has been the work of others. And when such embodiment has taken place, the whole labour of organising management, is equally the work of other men. Yet it is clear that many of the combinations which have been established during recent years, have been largely of this character ; that is to say, they have been directed to limit, control, and embarrass the freedom of management by arbitrary dictation as to the choice, not only of manual labourers, but even sometimes of the highest class of directing agents. This sort of interference is of necessity an injustice, because it claims wrongfully the control of agencies to which manual labour has contributed nothing. It must also be most dangerous to the wage-earning classes themselves, not only on the general, but most certain, doctrine that every injustice must, sooner or later, have bad effects, but also because we can see how this particular kind of injustice must tend directly and powerfully to discourage enterprise, by rendering uncertain and precarious the principal data on which it is compelled to calculate.

56. But on the other hand the same objection cannot be made to combinations for the mere purpose of raising, by legitimate and just means, the price of that element which the wage-earner does really himself contribute. If it can be successfully done, there is no antecedent objection on the score either of right and wrong, or of any economic truth. But the other question remains, how far it can be really done. My own impression has always been that, within certain limits, the effect of raising wages has been actually produced by combinations. And that this is true for short times, and for particular localities, would perhaps be generally admitted. That a great rise in wages has been contemporaneous with the establishment and increase of Trade Unions is an unquestionable fact, and there are many men who treat with contempt even the suggestion of a doubt, whether this connection in point of time is a real connection of cause and of effect. But the problem is by no means so easy of solution as it may seem to be. My late friend and colleague, John Bright, expressed to me some years ago his opinion that Trades Unions had not, as a fact, produced the rise of wages which has been popularly attributed to them; and he cited, as others have done, as at least one reason for doubt, the fact of the rate of wages having risen as much, or even more, in some employments, such as domestic service, which have lain outside the area of the supposed influence. This fact is, of course, a convincing proof that a rise in the rate of wages may be, and has actually been, very often due entirely to other causes. It is no proof, however, that in some measure and degree, Trade Union combinations may not be, in some cases at least, one among many contributory causes. But the real doubt arises from the unseen elements which are unquestionably involved. That strikes, and the contests which lead to them, have a discouraging effect on the very conception of industrial undertakings is an obvious and necessary truth; and it is an effect which, in the very nature of things, is unperceived in its beginnings, and is immeasurable in its amount. Who can estimate with any certainty the number of industrial conceptions which have never come to the birth, because the conceiving

mind has not carried them to maturity? Who can estimate at this moment the effect which the fear of "labour troubles" is exercising in that dulness of enterprise which is notorious, and which is measured by the enormous amount of capital lying comparatively idle? Every "city man" will tell us that the cause is "want of confidence." But in what? Is it not want of confidence in the security of adequate returns upon industrial investments? And is it not quite certain that one at least of the main elements in that want of confidence, is uncertainty as to the capricious action of trade combinations? Other causes undoubtedly contribute; and it may be difficult to measure with any accuracy the comparative potency of the new form taken by the modern guilds. But we can see how very powerful that effect must necessarily be, because we know that the certainty of calculable data in respect to cost, is, and always must be, the principal element in every industrial venture or undertaking. It is obvious, therefore, that where this element of certainty is wanting, or where it is seriously disturbed by the risk of incalculable and purely capricious action, enterprise must be discouraged. The proverbial "sensitiveness of capital" represents in such circumstances nothing but the natural, reasonable, and inevitable caution of foresight and intelligence.

57. In the light of these obvious considerations, the question may well suggest itself to the wage-earning classes, whether the intrinsic value of that indispensable element which they do undoubtedly contribute to industry, may not be most seriously damaged before they can know anything about it, and to an extent which it is impossible for them either to foresee or to measure. And this most serious question arises, because the main element in the intrinsic value of their labour—as it is in the value of all other instruments of production—depends essentially on the stability and on the consequent calculability of the conditions under which it works. It may well happen, when we come to think of it, that voluntary combinations like Trades Unions, operating in this particular direction, may grow to be even more mischievous to

industry than the old privileged guilds and brotherhoods of the Middle Ages, which survived in France until the Revolution; and the disastrous effects of which we have seen so clearly exposed and so strongly denounced by Turgot. In the case of the old guilds, and of the established labour monopolies of chartered cities in Scotland and elsewhere, there was less uncertainty as to prices, because a sort of tariff, or a standard rate of prices, was more or less established by long usage, and these could at least be counted upon as not very liable to be disturbed. But under the Trades Unions of the present day there is no guarantee whatever for stability for even the shortest time, and under these conditions it cannot but arise that the Wages Fund must be in danger of being seriously diminished through the operation of causes which are most powerful, and yet as inaccessible, as insuperable, and as secret in their work, as the most deep-seated laws of nature generally are.

58. On the whole, then, the balance of argument founded on the known, but the unseen, factors in the case, seems to incline largely to recommend at least the greatest possible caution in combined attempts of any class of workers, whether of hand or brain, to enhance artificially the price at which they can readily and ordinarily sell their own contribution to the total of production. There would seem to be an inevitable tendency at least in all such organised attempts, to do more harm than good,—to damage specially and seriously the hireable value of that very commodity in which alone they deal, by making it less worthy of that confidence on which all enterprise must, above all other things, depend; and consequently to limit the market of opportunity in which alone its value can be realised. In so far, moreover, as they involve, as they increasingly tend to do, direct restraints on the individual liberty of wage-earners themselves, and indirect restraints on the individual freedom of action among the conceivers and managers of industrial undertakings, the effect of them must be purely mischievous. For, as Professor Marshall says, speaking of "free industry and free enterprise," it is "the existence of these, by whatever means they may have been

promoted, which has been the supreme condition for the growth of noble forms of the arts of life." *

59. One of the most important questions of our time concerns the possibility, and the best means, of opening the eyes of the wage-earning classes to truths of this kind which are not obvious to their sight, and which the ever-present consciousness of a living Will refuses, by a natural bias, to admit. Abstract reasoning, however clear, even when as certain in its data as the postulates of geometry, and not less certain in its derivative conclusions,—cannot be easily brought to bear upon the multitude. It needs a long familiarity with conceptions which are obscured by the superficial aspect of things. It ought to be made specially clear to them that the question is not at all whether Trade combinations are legitimate or wise, but solely a question what their aims and methods ought to be in the interests of the wage-earners themselves, and of that society in which their work is done. It is perfectly conceivable that Trade combinations might be so guided in their aims and methods as to increase confidence and not to weaken it. If even for a limited time, provided that time be fixed and known by agreement, the rate of wages could be steadied—the conceivers in industrial enterprise would be encouraged and not discouraged in that higher class of work which is their own. It would be possible to make contracts with workmen as to the price of labour, just as securely as it is now possible to make contracts with capitalists as to the price of materials. As matters stand no such means of attaining certainty seem to be available, or at least they are available only in rare cases. The Unions generally exercise the only power they possess by inspiring the fear of strikes. But they might be so directed as to exercise whatever power they may possess with a very different aim and with a very different result—the result, namely, of inspiring that confidence in stable conditions which might entirely supersede strikes by the encouragement of enterprise. The conceivers of enterprise who may have an immense capital invested in some great contract for ships, or other things, tell us that very often they

* 'Principles,' p. 331.

do not know from day to day how soon all their operations may be suspended by a strike set on foot for the attainment of ends which directly interfere with management—that main element in success to which the men contribute nothing. It is quite impossible that this condition of things can ultimately fail to affect most injuriously the interest of the wage-earners in ways which they do not see, and to an extent which they cannot measure. Conceivers with a small or moderate capital cannot face such risks, and they are scared off altogether. Whereas if the Unions kept all these facts in view, and if they directed their organisation to the great end of bringing about stable conditions of agreement with employers, and of securing a high class of work, they might attain results as valuable to themselves as to others. And surely reasonable men may be brought to see that whilst, on the one hand, the possibility of raising wages by Unions is necessarily a very limited one, the possibility, on the other hand, of lowering wages has no limit whatever except the extinction of the Wage Fund altogether. They cannot possibly raise wages so as to deprive capital and enterprise of its due profit ; but they may, and they often do, lower wages to the zero point whenever they scare away enterprise altogether.

60. The great remedy would undoubtedly be that the force of individual and self-conscious motive should be enlisted in the service of giving a wise and safe turn to the workings of combination. And this enlistment does take place in propotion as the wage-earning classes become themselves directly interested as shareholders in great industrial undertakings. This is the value—the high value as regards a practical rducation—of all those forms of enterprise of which co-operative stores are the type, in which a great number of small capitalists combine their means to run risks, and to calculate on profits. In proportion as they can individually feel both the risk, and the expectations, and the difficulties to be overcome, in attaining industrial success,—in the same proportion will they learn instinctively and unconsciously the fundamental truths of economic science. Hitherto, there have been, comparatively, only a few undertakings to which this method

of working has been found applicable with marked success. It is indeed to be hoped rather than feared, that the time will never come when the special energies of the individual brain will be unable to find the fullest scope, and an abundance of congenial employment. But one of the obvious tendencies of our time, is to multiply the number of economic services which are undertaken by capitalists combined in companies. There is no reason in the nature of things why the individual capitalists so combined should always be large holders of the storages of wealth. Every wage-earner who saves a sixpence becomes, in his own measure and degree, a capitalist; and when we consider the enormous sums wasted on strikes, and, still worse, wasted on drink, there seems to be ample room left for new openings arising for the savings of the wage-earning classes to take a large, an effective, and an increasing part in the associated combinations of industrial enterprise. This would teach them, as nothing else can teach them, the true rank and place of manual labour, however skilled, in that long chain and hierarchy of causes to which their own Wages Fund is due. They would come to feel, and to see, that their own mental purposes, first, in saving income, and next, in estimating risks, and lastly, in determining investments, are in themselves "labour" of a higher kind than even the highest dexterity in the use of their hands. Good profits, in the shape of good dividends, if they come, would teach them still more as to the conditions of success; whilst it is not impossible that even losses, if they should happen, might teach them most of all. For these last would show them very often how dependent all industry is on "the market"—that is to say, on the desires of other men, and on the "effective demand" set up by classes on whom they have been inclined before to look with jealousy and suspicion; namely, those who have already acquired or inherited the storages of labour in the past.

61. It is impossible to close this chapter without referring to that extreme form of combination which seeks to embody itself in Acts of Parliament attempting statutory compulsion. It is high time that the wage-earning classes should ask themselves one question, in which they are perhaps more deeply

concerned than any other class—the question, namely, How far they are prepared to admit that any majority of themselves, or even of society as a whole, has any right—natural, moral, or equitable—to exercise unlimited interference with their personal freedom in the disposal of that which is so exclusively their own as the use of their own hands and brains? It may be, no doubt, a difficult matter, in the abstract, to lay down any fixed limits for the rightful powers of society in binding its own members to obedience. But the existence of some limits upon any such power is now universally acknowledged. This, indeed, is one of the most unquestionable gains of our modern civilisation. On all matters of religious belief, and in all matters of mere speculative opinion, the individual is now universally admitted to be, in the fullest sense of the word, rightfully autonomous. Indeed, none of us would admit the right of society to restrain us, in any way, in the use of our own brains. Yet this use represents the largest and richest part of the labour of the world. None of us would admit, for example, any duty of obedience to any law forbidding us to work with our brains beyond a certain number of hours. Nevertheless this is the kind of work out of which the most striking results arise in producing inequalities of condition. The boundaries are narrow, and not easily defined, which separate this kind of labour from certain forms of it which are accompanied by labour of the hands. At least within the sanctuary of every individual man's own home, be he poor or rich, he is disposed to feel, and ought to feel, a right to freedom with which no legislation is entitled to interfere. Yet here, again, one of the causes of what are called starvation prices for needlework, is said to be that cheap competition of women who are wives, and who do not live upon that kind of labour. Are working men prepared to allow society, under any plea whatever, to send its policemen into their private homes, and to dictate to them how, and when, their wives and daughters may employ their needle? Whether there be any theoretical limit to such acts of interference with individual liberty, or whether there be not,—or whether the difficulty of defining it is merely a difficulty of casuistry such as may be raised in all

the sciences,—there can be no doubt that there are limits enforced by nature. Lord Playfair, who is well informed upon the subject, lately told his constituency in Leeds, that "in various States of America there are eight-hours laws, but they have been inoperative as regards wages. A lower wage is given for eight hours, but the men work two hours' overtime at the same rate, and so defeat the laws." * This is the best answer to the speculative difficulties about defining the extent of public authority and the limits of the duty of obedience. It is an answer which reminds us that there are laws higher than those of human legislation. The angry and foolish question which Bentham was once tempted to ask when, speaking as a jurist, he felt himself confronted and chafed by the restraints imposed in the name of political economy,—is a question which comes back to us in all its folly. What are these so-called "laws" which are not political? What are these "laws" which no man has enacted and which yet all men are called on to obey? What, indeed! They are simply the laws of our human nature, of which we are not the authors. The human will can do a great deal—when it works in harmony with laws which were not enacted by itself. But one of these laws is that the collective will of society can do nothing against the generally opposing will of all its own units. In physics the molecular forces are the most powerful of all. Give them time, and the roots of a very small tree will displace the most solid masonry. And so it is in political and in economic science. Laws which it is the interest and the universal instinct of all individual men to traverse, evade, and disobey, are laws which must be a dead letter—dead, that is to say, for all purposes of good, and alive only for many purposes of evil.

* Speech at South Leeds, November 12th, 1891, p. 9. (Cassell & Co.)

## CHAPTER XVI.

### EFFECT OF ECONOMIC LAWS ON RECENT AND EXISTING MOVEMENTS OF POPULATION.

1. WE have now seen that although the Wages Fund theory as first carelessly expressed by Mill, and taught by many of his followers, is most erroneous, and leads directly to the most injurious misconceptions—yet if the word fund be understood, not in the narrow and technical sense of a sum of money however large, but in the idealised and metaphysical sense in which this and many similar words are habitually used in common life—then the idea and the phrase of a Wages Fund may deserve its capital letters, and may serve a useful purpose. It may express in a convenient form the idea that there is a great group of causes—vast indeed in number, various in their character, and complex in their connection—which tell directly and specially on the sources of employment for the wage-earning classes. It may serve to concentrate attention upon these causes as, in their totality, forming one of the very highest subjects of investigation embraced by economic science. It may serve to separate that group of causes, so far as it is possible to do so, from the still larger group which has found expression in the best of all such phrases—Effective Demand. For this last phrase expresses the general conception of Demand for all things whatever—the demand for manual labour being included in the number. Thus the idea, and the phrase, of a Wages Fund becomes valuable as helping us in keeping our own minds fixed on the conception of a special set, or group, of conditions which are to be traced and identified as the conditions which do best encourage, and

do most stimulate, men to seek for the manual assistance and co-operation of their fellows. In all such conditions —whatever they may be—the true Wages Fund must obviously consist.

2. Like every other definition which is of any value in science, this one not only indicates clearly the kind of questions to be asked, but also helps to answer them. That which does most encourage enterprise is—beyond all doubt—the multiplication of the needs and desires of men, when coupled with a corresponding increase in the means and opportunities of providing for them. And in this we see, at once, the explanation of one of the most marked features of the times in which we live, namely, the growing tendency of population to become aggregated in great cities and in large towns. For that tendency seems to be an inevitable result of the simple fact that every great centre of population becomes in itself a great Wages Fund. Every man in it becomes, there, more of a consumer as well as more of a producer than he would have been in the place he left. As a consumer he is in himself a producer of some effective demand for the supply of his own wants, besides being also a producer of some commodity to meet the effective demand set up by the wants of others. Thus action and reaction go on—intensifying effects, until, like the proverbial aggregating effect of the enlarging surface of a snowball, the size of our great cities has been so growing as to excite astonishment and even to suggest alarm. Whether it be a danger or not, it is certainly a fact. It is conspicuous in every one of the most advanced nations of the world, and under every variety of condition as to local laws and customs affecting the tenure or the cultivation of land. For one of the most remarkable illustrations of the fact is that it is exhibited to the most striking extent in the youngest quite as much as, or even more than, in the oldest and most comparatively crowded nations of Europe. "Amongst the results of modern civilisation," says the author of a recent and very interesting statistical work upon the subject, "the tendency of people to flock into cities is one of the most striking. It is observed alike in old countries with increasing population,

such as England and Germany ; in a country with a stationary population, like France ; in a new but populous country, like the United States ; but, perhaps, most strikingly of all in very newly settled countries, with small populations, such as Victoria, New South Wales, Canada, and even Manitoba, one of the very newest." * Victoria seems to present the most extreme case, where two-fifths of the whole population is contained in four of its chief towns.

3. It is evident that an effect so universal must be due to some cause, or causes, very deeply seated in the nature of things ; and it is not difficult to identify almost all of them with that group of causes which belong to the true doctrine of the Wages Fund. The masses of men who live by manual labour tend, of necessity, to be attracted to the spots, or the areas, where there is the greatest and most effective demand for that which they have to sell. The rapid and enormous increase of the means of locomotion from the development of railways on land, and of steamships on the ocean, is constantly multiplying the lines along which that attractive force is exerted upon individual men. The result is that Society is daily becoming more and more liquid. All its particles are getting more and more free to move, and so to obey any impulse, or any attractive force which may be brought to bear upon them. And then, be it observed that the very same influence is at work not only to give facilities to the operation of the attractive force, but to intensify that force in itself. Railways and steamers do not only carry the bodies of men : they carry also those ideas, needs, and aspirations of men which set up new desires, and a demand for new gratifications. But these are not generally to be had in rural districts, where, in the very nature of the case, the opportunities for enterprise are less various and abundant. Even the new tastes acquired for social amusements which are not to be had in the country, has an immense effect. Country women and girls who, a few years ago, were perfectly contented in the remotest districts, are now discontented with them, and refuse situations which are "dull." Within my own recollection some rural employ-

* 'Studies in Statistics,' by G. B. Longstaff, chap. x. (Stanford, 1891.)

ments which used to afford excellent wages, and a kind of labour that was light and even joyous in its accompaniments, cannot attract a single man or woman now. One of these was the peeling of oak copsewood for the harvesting of the bark—an occupation which led the workers into spots full of the fragrance of the spring, of the healthiest air, and of the greatest natural beauty. Now, nobody can be got to work at it except imported bands of Irishmen, working under a contractor. This influence of new habits and new desires spreads gradually—sometimes very rapidly indeed—round every harbour on the coast, and along every railway line throughout the whole area of country which it may affect. It steals silently but surely into every village and every household, and operates on both sexes alike. The young men hear of wages for a few weeks' labour which exceed the whole annual income of their fathers from some stagnant rural cultivation. The young women hear of the same thing affecting their own sex, and very often they see their sisters returning from the towns in dresses and adornments which dazzle and attract them. More and more of them begin to yield to the attraction. They go to town, and return on visits to their relatives in the country. Each one of these is an advertisement to her sisters and cousins of what can be got in town. New tastes are planted, and along with them new distastes for old traditional kinds of labour.

4. But the effect of all this is nothing less than a silent revolution. The whole economy of the rural districts may entirely depend on the cheapness of that old customary labour, and may be rendered impossible by the withdrawal of it. Landowners in the Celtic Highlands have kept the old township tenants to a large extent ; whilst in the Lowlands they have almost wholly disappeared. But the same influences have now long been at work even in districts once remote, in proportion as the new ideas gain access by education and easier access. One township near my own doors had sixteen tenants in 1847. It has only six now, and every one of those who have gone, has gone for excellent reasons of his own. M. Laveleye has described in a striking way, and with a voice of mourning, the slow but steady dissolving power which he

saw the same influences exercising on the old-fashioned rural communities called "Zadrugas" which belonged to the same universal type, and which still linger on among the Southern Slavs, in the Danubian provinces of the Austrian Empire.* But it is everywhere the same. In the mere matter of daily food, the setting up of any new taste for articles that cannot be produced at home, has had a powerful effect. Even before the days of railways and of steamboats in our own country, towards the end of the last century, and in the first decades of the present century, the introduction of tea as a common article of diet among the rural population in Scotland, attracted the notice of all writers who had occasion to refer to the subject of rural economy. It was universally deprecated by them as injurious in its effects—displacing the use of the home products of small holdings, and introducing habits of so-called "luxury," which required some command of money, not easily provided at home.

5. But this item of the introduction of tea was only one of the early symptoms of a general movement. In Scotland, and especially in the Highlands, the growth of the population, from mere breeding, after internal peace and security had been established by the suppression of the anarchy of the clans, began to be very rapid. It was accelerated very much by the introduction of inoculation, which arrested the frequent, and sometimes the decimating, effects of small-pox. It was still farther dangerously accelerated in the Highlands, as in Ireland, by the introduction and by the universal adoption of the potato as the main food of the people. Locally, all over the Hebrides, it was still farther stimulated by the highly remunerative, but precarious employment needed in the production of kelp. The result was an increase of population pressing so hard on the limits of subsistence afforded by a miserable agriculture, that the condition of that people became what, as we have seen, Burt, and Pennant, and MacCulloch, and Professor Walker, all reported it to be.† But, fortunately, concurrently with

* 'The Balkan Peninsula.' (London, 1887.) See especially chap. ii., on the estates of Bishop Strossmayer.

† See ante, Chap. IX. § 25, pp. 278–9.

these causes of a multiplication of numbers which was unhealthy—because it was an increase unaccompanied by any increase of production for others, or of any effective demand for themselves—there were other causes coming into operation which began the remedial movement. The effects of the legislative union with England were most powerful. The mere union of the Crowns, which had happened a hundred years before, had done comparatively nothing except dispersing a large population in the border counties, which had lived upon marauding, and on the habitual plunder of cattle across the Marches. That population was indeed effectually driven away—seeking refuge partly in the North of Ireland, and partly in military service upon the Continent. To this day the moorlands and straths of the Southern Highlands are far more sparsely peopled than the Northern Highlands, where nevertheless, by a strange ignorance, the movements of population have attracted far more attention. But the union of the Crowns had produced but little improvement, comparatively, upon the economic condition of the rest of Scotland. Indeed a war of hostile legislation against each other, and an increasing bitterness of jealousy and of temper between the two nations, were threatening to replace the old clash of arms with effects that would certainly have been quite as disastrous to the weaker country. But the incorporating Union on honourable terms, was an unspeakable blessing, and became the starting-point of a new and a nobler life. It opened the whole commerce of the mother country, with her Plantations, to the opportunities of Scotchmen. The men who served in the wars with France, both on the continent of Europe and in America, became acquainted with the conditions of a higher civilisation than they had known at home. When they returned there, they stimulated that desire for a change, which extreme poverty, a low standard of living, and frequent famines, had already engendered in the people. But they did more: they indicated and led the way both in migrating and in emigrating to places where there were both a demand for their own labour and a supply for their own demands. The commercial cities and towns of Scotland soon rapidly

developed their own wealth and population. Glasgow alone drew thousands to herself. The Plantations in the New World attracted thousands more. In 1790, almost every parochial minister in most of the counties reported, in the Statistical Account, that within the previous thirty years or less, there had been a great reduction in the numbers of a rural population which had been only half-fed, and less than half-employed. A diminution of from ten to twenty per cent. was general, whilst thirty and forty per cent. was not uncommon. And this movement was often most striking in those parts of Scotland which were then most rapidly advancing in agricultural production, and are still the most prosperous in the country. Rural depletion was universal, for example, in all the parishes near Edinburgh, such as Corstorphine, Dalmeny and Duddingstone, and indeed all over the Lothians. It was the same in the neighbourhood of Glasgow, and Paisley, and Greenock, and throughout the Lowlands generally. And this depletion has continued there ever since. The later increase of population has been almost entirely in the towns, villages, and mining areas. The purely rural or agricultural population is at the present moment far more sparse than in the Northern and Western Highlands. In those Highlands, indeed, there had been for some time a veritable rage for emigration, for the simple reason that there the breeding had been most rapid, the agriculture had been most wretched, the years of distress had been most frequent, and the possibilities of local employment had been most restricted. But it never did go so far as in the Border counties after the Union of the Crowns, nor even now are its permanent results so conspicuous.

6. The motives and causes of this great movement of population are therefore as clear as day. The people were going where they thought, and thought correctly, that their labour would go farthest and pay them best. The true explanation is that which has been well expressed by the writer before quoted, when he says, "The true explanation of the remarkable growth of cities in all parts of the world in recent times, is that, under modern conditions, with improved culture, and above all improved means of communication, a much smaller

fraction of the people is able to provide—and provide more amply than in the past—the food required by the whole community. Then again, those set free from the pursuit of agriculture apply themselves to supply the innumerable new requirements of a people that is living up to a standard of comfort far higher than that which contented their fathers." *

7. Writers on economic science have dwelt far too much on the desire of men to escape from labour, as if mere laziness were one of the most powerful factors in determining human conduct. But this is a most erroneous conception of the facts of the case, and misses altogether the really important truth which has no doubt suggested the doctrine. An instinctive desire to exert all the energies of our nature is a far more fundamental fact, and a far more potent influence, than any mere desire to escape from labour, and to live in idleness. That which has been mistaken for a natural, and universal desire to avoid work, has really been an instinct entirely different, namely, the desire to avoid any kind of labour which is needless, because comparatively unproductive. To economise work, in short, and not to escape from it—this indeed has really been, and must ever continue to be, so long as our very nature is unchanged, an innate and indelible characteristic of the human mind. When two men find themselves spending their time and strength in doing what they have come to see could be done as well or better, by one—when one man again finds himself working for a whole day in doing something which he has discovered can be done in half a day, or even in a single hour, with the help of a new machine—then this discovery makes the old labour not only irksome, but repellent, and the continuance of it impossible. Mere inertia, stupidity, and prejudice, may long delay the discovery of the superior efficacy of new methods. But when that discovery has once been made, it is not laziness, but wisdom and true industry, that leads labourers to abandon their former work, and that leads employers to cease to pay for it. It is not labour in itself that is distasteful to all of us. It is only labour that is disproportionate in its results,

* Longstaff's 'Studies in Statistics,' pp. 166–7.

labour which wastes our energies in any form of exertion that brings too little in return. This is indeed an universal human instinct, and, like every other universal instinct, it has been implanted in us for a purpose which could not be attained without it. It is the root out of which all desire for improvement springs. It is the feeling that inspires all mechanical invention, and incites to ever-new exertions of useful energy. It is the secret—the origin and cause—of the ever-increasing Division of Labour—that great law which is one of the best ascertained facts of economic science, and holds an honoured place in its history from the famous and classical chapter of Adam Smith.

8. When we grasp these facts as indicating the true cause of the movements of population, we get hold of a full explanation of innumerable economic facts. For one of the very first suggestions which it puts before us, is to enquire how it is that men form their estimate of any disproportion between labour and its results. And at least one answer to this question is obvious. It is their own standard of desire as regards the result of any work, by which they must necessarily judge of it. But that standard rises with increasing knowledge, and with increasing intercourse with other minds. Men who, in Scotland, had been accustomed for some two generations to live on potatoes and oatmeal, with the milk and the blood of cattle occasionally added as a great luxury—when they came into contact with a higher standard of living, could no longer be satisfied with the results of their own labour when expended under the conditions of poverty and ignorance, which universally characterised the communal husbandry of the rural townships all over Europe in the Middle Ages, and which lingered on to a much later date than elsewhere both in Scotland and in Ireland. It was not any desire to escape from labour which led to migration and emigration. It was a desire, on the contrary, to find opportunities for labour, only under conditions which promised a greater reward, and higher proportionate results. The accounts we have from Professor Walker, of the number of men and animals that were employed on the rude ploughing of land in Scotland, up to the time of the great

rural migration during the last half of the last century, seem almost incredible. From four to six horses, with from five to six men, were often to be seen performing—and performing very ill—the work which could have been much better done by two horses and one man. There were few farms in the Highlands which could not have been quite as well cultivated, or better, with one-third or even one-half fewer men and horses than were employed. The minister of Dalmeny, near Edinburgh, writing in 1790, speaks of two-horse ploughs as only then beginning "to come into general use," and of a rotation with green crops as having been "much amended of late years." But all this required capital as well as superior knowledge, and neither of these was to be found among the old class of very small farmers. Accordingly when speaking of population, he says that on the small holdings, "the husbandry was for the most part bad, puny crops are raised, men may be more numerous, but both men and beasts are almost in a starving condition."* The first dawn of improvement arose when the burden of the stereotyped customs of ages began to be lifted off the shoulders of the rural population by the breaking up of the "township" or communal methods of cultivation, and the letting in of all the motives to thrift which act on the individual mind.

9. And let us not miss the fact that one of the most powerful of these motives is the abiding and universal human instinct to secure for all our labour its largest attainable returns. This could only be done through the setting free of each individual mind to adopt new ideas and to carry them into practical operation. But this freedom can never be secured where a whole community of men have first to be persuaded out of ancient hereditary customs, and then farther persuaded unanimously to adopt methods and habits which are wholly new. There are always some stupid and obstinate members in every community who can never be persuaded; and the energies of the individual minds which first apprehend a new idea are often quite incompetent to overcome the passive resistance thus encountered from all around them. Moreover, it is only

* Old Statist. Acct. vol. i. p. 233.

fair to remember that mere stupidity on the part of the objectors to improvements is not always the only resisting influence. It is always reinforced in such cases by a perception, more or less vague, perhaps, but intelligent enough in a short-sighted way, that the new ideas will do something else besides merely saving labour, and multiplying products. For generally, if not always, the new methods of production which are a great saving of labour, are also of necessity incompatible with the whole polity and organisation of the old society, that is to say, of the communal group. That organisation had been entirely founded on the very methods which under wholly new conditions were now seen to be wasteful and ineffective. Thus the saving of labour and the increased fruitfulness of a smaller amount of exertion in agriculture, have tended, more and more, to multiply also the number of men whose labour was becoming, in their old locality, visibly and sensibly unremunerative to themselves, and useless to society.

10. Happily, however, the very same motives and instincts were operating contemporaneously to provide for the supernumerary hands new and far more fruitful fields of occupation. The new industries of the towns, and of the great mineral districts, were industries becoming every year more and more remunerative, and—better still—more and more open to individual energies free to act on their own suggestions, and in their own interests.

11. For here again we have to note another change corresponding to that which was going on in the rural districts. The older incorporated towns had a communal organisation, and powers founded upon universal customs in the Middle Ages, which were almost as repressive to the individual mind as the communal customs of the rural townships. Privileged confraternities, or guilds of all kinds, limited all employments each to its own members. Powers of fixing wages and the prices of all commodities, were regular parts of the municipal system. By a curious irony, typical of a widespread misunderstanding, these powers were called the "liberties" of the towns. They were jealously guarded, and continually employed to repress the freedom of enterprise wherever it appeared within the wide

areas of country over which these municipal "liberties" extended. But, in Scotland, the rising tide of industrial enterprise which began to flow when the Legislative Union with England opened the gates of a trade which for the first time was to be free, not only with England itself but with all the Colonies, soon broke down the exclusive privileges—under which the old municipalities had lived, or had slept, for centuries. New centres of industry became established wherever geographical position, mineral fields, or the accidents of individual selection, might determine. These were open to all comers ; and that steady stream of population began to flow towards them which has not yet shown any symptoms of an end.

12. Nor is it easy to see how it can cease until the causes which promote it cease to operate. But those causes show little or no sign of exhaustion. Invention has never been more active than it is at the present time ; and although no absolute novelty in mechanical invention has arisen comparable in principle with the new ideas of James Watt as embodied in his improved steam-engine, yet the endless development of those ideas, in new applications, has in our own time led to such an increase of the carrying power of steamers, that it has become one of the most energetic causes of the redistribution of products, and consequently of labour. The distinguished French economist, to whom I have before referred, does indeed lay stress on the great improbability of a continuance, of the same causes acting with the same intensity as during the last forty or fifty years. He says truly that during that time, the rapid development of means of quick and cheap communication, and the application of associated capital to great industrial undertakings, "have transformed in half a century the face of the world more than had been done during the whole of the two hundred years preceding." * This is certainly true ; but it would be very unsafe to build any economic reasoning on the probable cessation, or even on the slower action of these causes. So far from being exhausted or weakened in this operation, they seem to be getting stronger and stronger. When the same

* Leroy Beaulieu's 'Répartition des Richesses,' pp. 203–4.

author tells us that during the forty years between 1833 and 1873 the nine principal cities of Europe—London, Paris, Berlin, Constantinople, St. Petersburg, Naples, Vienna, Dublin, and Moscow—have nearly doubled their aggregate population—rising from the aggregate of 5,582,000 to 10,595,000—he points to the work of causes which are in a state of the highest activity at the present moment as applying to most of those cities, and to many others of smaller size. The railway system of the world has whole regions yet to penetrate. Increased means of traffic on the ocean is receiving a like development. At the moment at which I write, the largest steamship ever built, except the useless Great Eastern, has just been launched upon the Clyde; another still larger is said to have been ordered. Labour-saving machinery makes steady progress; and some examples which are sure to have as wide an effect as previous examples, are at this moment stealing quietly into our own rural fields. One of these alone has within the last 30 years had a prodigious effect on the movement of population. This is the reaping-machine. It seems to me but the other day when I used to see, every August, the Irish steamers from Belfast entering the Clyde almost dangerously overloaded with a densely-packed mass of Irish reapers. Thousands of Irishmen were thus helped to live in the rural districts of their own country by the wages they earned in Scotch and English reaping. The one invention of the reaping-machine has put an end to this. Now, comparatively few men come for that particular kind of employment, whilst those who seek other kinds of employment in England and in Scotland must go to find it, not in the country, but in the towns. And now again another machine is working in the same direction. The gathering and binding of the sheaves of corn had been still left to manual labour, and although it did not afford any market for Irish labour, it still afforded good wages for a short time to both sexes of the native rural population all over the kingdom. But now, the machine which reaps has been made also automatically to gather, to bind, and to deposit on the ground sheaves which need only to be collected and "stooked." It seems probable

that this invention may save one-half the labour which hitherto has been still needed in cereal harvest operations, even since the universal adoption of the reaping-machine.

13. The case of Ireland, as regards the movement of its population, stands absolutely alone in the history of the modern world. But it has been governed by causes which it is the business of economic science to recognise and explain. The diminution from a population of about 8,400,000 in 1846, to 4,704,750 in 1891, is without a parallel in any country. It represents a displacement of no less than 3,716,000 souls in forty-four years. That is to say, that the diminution, during that very short period in the life of nations, has equalled in number the whole population of Scotland as it stood a few years ago. It began with a calamity due to the peculiar conditions under which a dense population had accumulated upon a low diet that suddenly failed. But it is to be noted that the movement which began in this calamity has gone on with but little abatement to the present day, long after any danger of actual famine had passed away. In the last decennial period, from 1881 to 1891, the total emigration has been upwards of 768,000 ;* or above 9 per cent. on the total of Ireland—being actually a higher rate than has marked any other decennial period, except one, out of the five decades since the famine.† It is still more remarkable that the diminution of numbers, in Ireland, has affected the town as well as the rural population—this being the case in every city in Ireland with the solitary exception of Belfast.‡ So universal has been this diminution in Irish towns, that if we omit Belfast from our calculation, and take the aggregate of all the other towns of Ireland, there has been a percentage decrease of town population equal to more than one-half (4·74 per cent.) of that which applies to the population of Ireland as a whole.§ Nor is this all. The indications for the future prove that the same processes are in full operation. The decrease in the proportion of married persons noted in 1881 as compared with 1871, still continues. Early marriages, once so common in

* Census Report, p. 73.
† Ibid., p. 8.
‡ Ibid., p. 54.
§ Ibid., pp. 12, 13.

Ireland, are now "excessively rare." The numbers of married persons of the re-productive ages, is under the low proportion for 1881, which again was lower than in 1861 and 1871.*

14. There can be no doubt whatever that this continued diminution of population in Ireland—with the one exception of a great commercial city which flourishes under industrial conditions similar to those in England and in Scotland—has arisen from the co-operation of all those general causes which induce men to go where their labour, whether of mind or of muscle, yields to them the best return. This, too, is the motive which has determined the goal of the Irish migration, as well as the place of its departure. And that goal is almost entirely in the cities and towns of Great Britain and of America.

15. How far such a diminution in the population of any country is to be considered as a misfortune, or, on the contrary, as a blessing to all concerned, depends entirely on the special circumstances of each case. It seems often to be taken for granted that an increase of population is always an index of real prosperity, and that a decrease of population is always in itself a misfortune. Yet the filling and the emptying of the wards of a Poor-house could not be so considered. And if, under special conditions, a whole country has come to be loaded with a population on the verge of pauperism, an exodus of even a large part of its people may be the greatest blessing that could happen to it. The best test is to be found in the results to those who go, and to those who remain. And Ireland stands this test well. There has been an immense improvement in the condition of the remaining people. In the last decade alone one of the most striking results has been the great rise in the quality of the houses inhabited by the people. Nothing can be more indicative of a rising standard of life, and of a wide area of improvement. The third class of houses has decreased by 18·7 per cent.; whilst the fourth or lowest class, which consisted of mud cabins, has been reduced in number by more than 49 per cent.

* Census Report, p. 22.

† Irish Census, Table 8, pp. 108–9.

Pauperism has decreased by more than 24 per cent.* As regards those who have left, we need hardly ask. Individual men are, on the whole, the best judges, and they are the only legitimate judges of their own interests ; and the mere fact that thousands of men and women choose to remove from any given country, is in itself a sufficient proof that as regards themselves, they do it for the best. It is demonstrative of the fact that under the actual conditions of that country, and the actual desires and aspirations of their own mind, they will gain by moving. They must feel either that there is less demand at home for their labour than they expect to find elsewhere, or that the labour they can and do expend at home is less fruitful than they desire it to be. There is no arguing against this conviction. It is the perception of a fact. The only question that remains for us to ask is, how far the fact can be changed or altered by any exertion of the human will directed, of set purpose, so to do. Those who are the best and the only judges of the facts, and of what it is expedient for themselves to do in the face of those facts, may be no judges at all, or the worst possible judges as to the causes in the past to which those facts are due. To trace those causes and to identify them, is a work always needing great care, and sometimes involving the exercise of the very highest human faculties. But if there be such a thing in the world as any true economic science—this is its business. And yet we have only to look back on the numerous detected and now admitted errors which have been committed by legislatures and by philosophers, to be convinced how easy it is to go wrong, and how hard it is to go right in the solution of such problems.

16. In the special case of the increased rural depletion of population in Ireland during the last decade since the famine, there are some strictly economic causes which can be traced and identified as having had at least their own share in the result. That decade began with the passing, under a supposed political necessity, of an agrarian law, which had some special features unprecedented in the legislation of any country. Economic science takes no special cognizance

* Report, p. 5.

of the causes which may determine acts of supposed political necessity. The appointment of a Dictator might be a political necessity, and it might, under some circumstances, have the best economic results. But economic science does and must take cognizance of the effects of such acts, whether temporary or permanent. The effects may be salutary or injurious, according to the wisdom and knowledge, or the folly and comparative ignorance, which may have determined the acts themselves. Acts of war, for example, must always involve some economic evils. But these may be more than redeemed by lasting gains of security and peace. And so with every other act of alleged political necessity; economic science deals with the principles it may invoke, or may unconsciously involve, and with its actual observed results. In the case of the Irish Land Act of 1881, we have nothing here to do with its supposed political necessity. But its effects are to be noted, as all other relevant facts are to be noted, by economic reasoning. Its direction, and leading idea, must be recognised to begin with. In the first place, then, it placed the power of fixing the price of the hire of land over the whole of Ireland at the absolute discretion of three individual men, named in the Act, but with assistants liable to be dismissed by the executive government of the day. These constituted a triumvirate, with absolute and irresponsible power over the value of all landed property in Ireland, subject only to a few unimportant reservations. This power extended to the tenant's interest as well as to the owner's interest. If there was any difference in that respect, it could only arise from an understood bias towards the tenant. In the second place, as the practical work of fixing rent in each case fell necessarily into the hands of the assistants, at least, in the first instance the result was of necessity also, to diminish even such confidence as could be placed in the personal character of the three principal men. They were obliged to discourage appeals, which would have led to overwhelming work. Therefore, as a rule, they simply confirmed what had been done by their subordinates. It soon became apparent that practically there was no appeal at all. In the third place, these men

were bound to no principle of valuation, such as that which Parliament has always laid down to guide valuation of rents for purposes of rating. The basis of that principle has always been the only sound basis—namely market values as nearly as those can be ascertained—that is to say, the value at which any given piece of land "might reasonably be expected to let, one year with another." But no such indication of principle was laid down, as even a guide to the appointed triumvirate. They were not compelled even to explain in any way the data of their decisions, and these decisions were at the same time expressly exempted from being liable to any outside appeal. In the fourth place, the valuations of rent, when so made, were valid only for a period which was too short for any repayment on outlay for permanent improvements. From this combination of facts, the fixing of prices for the hire of land in a whole country became obviously liable to the periodical action or caprice of political motives, and, of course, of political corruption. At first the system might be started in a spirit of the greatest purity; and yet by changes of government it might lapse into a system of the grossest jobbery and political confiscation.

17. If there be any truth in the most certain of all economic laws—that, namely, on which Bentham dwelt so strongly—the law which demands security as an absolute condition for enterprise or outlay of any kind, such an agrarian system as this could not fail to develop, more or less rapidly, its own appropriate effects. Accordingly, in this case we have an approximate measure of at least one of its effects, in a Parliamentary Return which has been too little noticed. Under previous legislation a loan-fund had been opened by the State to both the owners and the hirers of land in Ireland—whereby either of them could borrow money for agricultural improvement on moderate terms. This was, of course, in itself an exceptional action of government outside its ordinary sphere. But it was a form of action which appealed to sound motives, and stimulated individual enterprise. Accordingly, under the influence of the ordinary motives inseparable from ownership, the landowners in Ireland were steadily borrowing

more and more largely during all the decade from 1870 to 1880. The loans applied for rose from the sum of £93,000 in 1870, to the very large sum of £1,357,000 in 1879–80. When the Land Act of 1881 passed, whereby all security for outlays on improvement was absolutely destroyed, this rising spirit of agricultural enterprise was, of course, smitten with paralysis. For the first four years, indeed, men could hardly take in what had really been done. But as the arbitrary and incalculable action of the new land valuators became more and more revealed as a kind of action which was incapable of being reconciled with any known principle or standard of value, the applications for loans fell off rapidly. In the very year in which the Act passed, and before it could be clearly understood, they still amounted to more than £786,000. Four years later they had fallen to £117,000 ; and in 1887-8 they had been reduced to £48,000 for the whole of Ireland, a sum which can represent only improvements on land not let at all, but cultivated by the owners themselves. Nor is it less remarkable to observe that, although at first the tenants, instead of the owners, began to borrow from the Treasury, and in one year, 1883-4, did actually apply for the large sum of £335,000, yet they also began to fall off rapidly in the following years, until, in 1887, the total amount applied for was only £59,000.*

18. If these figures represent, as they must do, the operation of certain motives in the mind of those who are concerned in agricultural production in Ireland, we can understand what an effect those motives must have had, and must still have, on the Wages Fund of rural labour. The investment of so large a sum as more than a million and a quarter applied for by Irish landowners in one year, would have afforded a large amount of employment to the wage-earning population in Ireland. The mere application for loans to such an extent shows what a fountain of motive power had been opened up. The closing of that fountain was one direct and inevitable effect of the peculiar character of the Land Act of 1881. And

* Return, House of Lords, No. 222, July 1888. The figures are given in round numbers only.

it is, alas, a permanent effect. The supposed political necessity might have been temporary. But the Act was permanent. All motive to agricultural improvement on the part of the former owners of land in Ireland was destroyed for ever. The whole rental of the country was absolutely withdrawn from the agricultural Wages Fund. The dwindling applications even from tenants is explicable also. The vast preponderance of tenants in Ireland belong to a class of holdings so small and poor that they afford no labour except to the tenants themselves. But of the total number of 486,000 holdings in all Ireland, more than one quarter are not above £4 valuation, and a great deal more than one-half are not above £10.* A mere fraction remains which are capable of affording any steady employment to hired labour. But more than this—the Act of 1881 did not, as many suppose, make the hire, or the purchase of land, as a whole, cheaper in Ireland than before. On the contrary it expressly stimulated the keenest competition amongst all who did not hold land at the passing of the Act. The supposed political necessity applied only to those who held land at the time the Act was passed. They, being the existing voters at the time, were conciliated at the expense of all who had to acquire land thereafter, and this was obviously the intention of the Act. The existing tenants were expressly encouraged to sell their interest at the highest possible market-rates of competition. One consequence, of course, has been that any new purchasers of Tenant-rights have entered, in many cases, so loaded with debt that any capital they had possessed was of necessity withdrawn from the employment of hired labour. It is surely, then, not to be wondered at that since 1881, the decrease of Irish population has resumed an accelerated rate, because of the destruction of all security for one great class of employers in every country, and because of the increased indebtedness of another. Other causes have co-operated. Any general sense of social and political insecurity operates unconsciously; it damps men's spirits, discourages enterprise, and induces a vague general desire to be off and away. In the light of such facts, such

* Census of Ireland, Table 48, p. 172.

figures, and such obvious motives, it becomes very intelligible indeed, that whilst the rate of emigration for each decade after the famine had been steadily decreasing until 1881, yet, from that date, as we now find, it suddenly jumped up again to double the rate of the decade preceding. The figures are so striking as an economic fact, that it may be well to give them here. During the ten years which included the famine, 1841–1851, the decrease of population was 19·85 per cent. For the next ten years the decrease fell to 11·50 per cent. For the next ten years it fell again to 4·39. For the last ten years, under the new Land Act, it has risen to 9·08.*

19. There are, however, some other facts connected with the causes affecting population in Ireland which are so certain and so obvious that we may well be astonished by the extent to which they are neglected. In the first place, then, we cannot do what nature has not done for us in the way of mineral resources. Coalfields cannot be placed where we should like them to be ; and the absence of them in any country, may make it absolutely unfit for many particular kinds of industry. In the second place, the same thing is true of another great Wages Fund—the existence of natural harbours, or of the outlets of navigable rivers. Harbours cannot be made where we please, or if it be possible to make them, they can only be artificially constructed at enormous and disproportionate cost. The absence of these again in any country, is an absolute prohibition of such industries connected with shipbuilding as have arisen, for example, at Glasgow and at Belfast. In like manner we cannot, except within narrow limits, change the climates of the world, and there are a thousand conditions of climate which rigidly exclude the countries they affect from ever becoming the area of products which demand, and reward, a large amount of rural labour. All these conditions affect the case of Ireland, and some of them affect equally large areas of country both in Scotland and in England. It is not a mere question whether particular areas of land which once were under arable cultivation, can possibly be so cultivated again, under other conditions, and in other times. But it is a question whether they can

* Census of Ireland, 1892, Table 40, p. 164.

be so cultivated at a profit now—that is to say, under present conditions of cost on the one hand, and of markets on the other. And the estimate of what is, and what is not, a profit, must be the estimate of the actual market-values. That is to say, it must be the estimate formed by individual men of the return which will satisfy them for the expenditure of their time and labour upon it. In forming this estimate they will, and ought to be, guided by the sound and universal instinct that their labour must be so directed as to give the largest return on the smallest expenditure of work.

20. But this obviously is a rule and a law of calculation which must largely determine men to the production of meat and wool instead of corn, in a country where the supply of corn is open to the competition of the world, and where conditions of soil and of climate are inferior to other countries as regards cereal cultivation. Accordingly, this is what has actually happened, and is happening more and more in the British Islands. A corresponding diminution of rural labour, which has become comparatively unprofitable, is a necessary consequence. We cannot expect it to be otherwise. We cannot have both the benefits of enormous imports, and also the benefit of home production and employment as active and remunerative as it used to be. Economic science—the true doctrine of Free Trade—does not deny that its effect may be to discourage, or even to extinguish, particular industries in particular areas. All that it can affirm is that if it so operates, the result is a proof that the industries so affected had better be extinguished or reduced. This is a hard doctrine, but it is the Free Trade doctrine ; and its consequences must be faced. Unlimited competition with foreign countries in cereals will certainly diminish the cultivation of them in our country, so long as the conditions of the market remain the same. And those conditions cannot be changed suddenly, or by artificial and emotional endeavours. We cannot, by artificial means, confer a value upon things which they do not in themselves possess. It seems to be difficult to drive it into the heads of men that Value is a fact, arising out of natural causes, and cannot be dealt with as if we could enlarge it, or clip it, and

measure it as we please. That is to say, that if we do try so to deal with it, we shall be doing some violence to a natural law—a violence which must involve some evil consequence. In every attempt to cheapen anything artificially, we shall almost certainly involve ourselves, and those whom we favour, in political corruption ; whilst we shall as certainly divert the capital and enterprise of others from employments which are demonstrably the most useful to society, because society appreciates them most and pays them best.

21. Then there is another thing we cannot do: we cannot put back the hand of time, and restore, even if we wished to do so, that condition of our race in which men were happy and contented, living on potatoes and oatmeal, with the produce of milking and bleeding cattle, and occasionally some salt fish and a bit of bacon. We cannot extinguish that implanted instinct of mankind which leads us all to desire that every expenditure of our energies, whatever may be the form it takes, shall be so employed as to yield the largest possible results. We cannot arrest the carrying trade of the world nor prevent it from carrying, along with the bodies of men, their desires and aspirations also. These are now being imported and planted in great numbers and variety where they were never known before. They will produce their own results, and one of them is an increasing tendency to large movements in population, a thousand things tending in the same direction which we cannot stop. We cannot arrest the influence of the press in extending a familiarity with "other men, other minds," and so with pursuits and enjoyments which are more attractive to active-minded men than any form of rural labour. We cannot arrest the continuous application of the principle of the division of employments, whereby the mere production of food is more and more separated from the production of other forms of wealth for which food is exchanged. Many circumstances, each of which, taken singly, may seem of trifling importance, are all co-operating towards the same result. Sometimes very little things indeed have a surprisingly large effect. Thus, for example, the institution of the parcel post is now having a very considerable influence in

discouraging rural trade, and in concentrating the business of distribution in the great centres of population. The wealthier classes, and even large numbers of people who are far from wealthy, are now finding that they can get their groceries and other supplies cheaper and better by parcel post than by buying from the "general merchant," who, hitherto, has been an universal institution in rural villages in Scotland.

22. All these little rivulets of tendency run together to swell the volume of the stream which flows steadily into the towns and cities of the world, and they explain the results which we actually see. They ought to impress us with the magnitude, and the ubiquity, and the intricacy, of the causes with which we have to deal—with the futility of attempting to arrest them—with the mischief of ill-considered and impulsive attempts to do so. It may well be amusing to us now, but it is also highly instructive, to find that the growth of London, even in the days of Queen Elizabeth, was attracting such attention, and exciting such alarm, that she directed an edict against it, in the form of a direct prohibition to build any more houses. Most of the evils she dreaded and enumerated when London contained probably little more than a hundred thousand people, are very much the same as those which now affect our own imaginations, when its population has swollen to the enormous amount of upwards of four millions. They were—the danger of epidemics; the difficulty of governing well such multitudes; the difficulty of supplying them with food; the multiplying of the very poor; the increase of manual labourers beyond the means of employment; and the impoverishment of the country and of other towns and cities for lack of inhabitants.* What are the reasons which make Queen Elizabeth's apprehensions, then, seem almost ridiculous to us now; whilst the like apprehensions seem, to many, most reasonable and even urgent in our own day? The population of London has been multiplied by more than forty thousand times since 1580. It is by far the largest city in the whole world—embracing within its circuit a population greater than that of several European nations. Yet it is also

* 'Studies in Statistics,' p. 170, by G. B. Longstaff, 1891.

a city more free from epidemic diseases than any other, and on the whole much healthier. It is the richest city in the world. The proportion of pauperism is smaller than that of many much smaller towns. Hitherto, at least, it has been almost as easily governed as any village. And, above all other wonders about it, day by day its four millions of mouths are fed as it were automatically, without a thought or a care on the part of its municipality, simply by the working of the self-interest of innumerable individual minds. The commissariat of a great army, even when its general has the power of forcible requisitions upon a conquered or an occupied country, is very often a task requiring the highest abilities for organisation. But what is the commissariat of the largest host that ever marched under one banner, when compared with the commissariat of London? Yet it is done, and done well—every class of need met—every taste satisfied—every variety of requirement provided for—by processes which no man has devised, which no man regulates, and which no Government controls. And the secret of all this is very simple. It is that, under certain conditions, a great city like London lives upon itself. By a new application of Shakespeare's words, it may be said that "they do make the meat they feed on." Every unit contributes to the setting up of an Effective Demand, which calls forth an equally effective supply. Under the stimulus of perfect freedom to individual enterprise,—of free imports and of free exchange,—it more and more draws its supplies from every quarter of the globe.

23. All this is unquestionable, and it represents the broadest and most substantial aspect of the case. But there is another side, or at least another facet, of the case, generally connected with the gradual growth of great cities, which stands in direct connection with the elements in that growth which have been so unforeseen. Queen Elizabeth, indeed, did first touch upon this region of the unforeseen, when she enumerated among her objections to the inordinate growth of London, the "want of air and room." And if she could have foreseen that her proclamation against any more building would be as futile as a proclamation against the rising of the

tide, precautions might have been taken in time. But this was prevented, as the giving of a special direction to other natural growths has often been prevented, by the slowness of the process, and by the number and the complexity of the causes which were being brought into operation. There are cases among the very newest cities of the world in which enormous growth could be, and has actually been foreseen, as in the instance of Chicago, and in some of the great towns of the Australian colonies. There the sites have been deliberately selected, for geographical reasons, by civilised men in regions previously desolate. Spaces of land, practically unlimited, could thus be assigned and devoted to the foreseen requirements of a great and growing population. Plans could be laid down for streets, for the preservation of open areas, and for extension in all directions. But in the cities of the Old World, generally, nothing of the kind was foreseen, and nothing provided for. Hence the crowded and insanitary condition of buildings, and many other evils which now scare us as if they were the inevitable concomitants of urban life. But this is not so. The only true conclusion is that there is in this particular respect, a long arrear to be made up, and that we have to pay for the want of foresight which prevailed in former generations, and also for their ignorance of much that science has but lately taught ourselves on the conditions of public health.

## CHAPTER XVII.

### THE BEARING OF ECONOMIC FACTS ON MUNICIPAL AND OTHER LOCAL ADMINISTRATIVE BODIES.

1. IN view of the growing tendency of population everywhere to aggregate in towns, and great cities, which we have traced in the last chapter, and in view, farther, of the special conditions which have been traced as affecting it in all old countries, we cannot but attach a fresh interest and a very high importance to all questions connected with the powers and functions of municipal administration. And on this, as on so many other matters, much light is cast by the historical development of those powers and functions in our own and in other countries. The special characteristic of the municipal system, all over Europe, in the Middle Ages, and down almost to our own times, was the universal prevalence of what we now call the Protective system in its extremest forms. The individual was nothing: the local society was everything. Every municipality was founded on and permeated through and through, by the principle of monopoly. And this word is to be understood in its original, etymological, and only proper sense—that in which it means an exclusive privilege of trading, conferred by express laws upon particular groups of men, limited, defined, and incorporated for the purpose of holding and exercising this exclusive privilege of buying and selling certain commodities as against all other men, who may equally possess those commodities as their own. Monopoly is that system under which the possession of commodities does not carry with it the right to the possessors to deal with their own goods as they choose. They can only sell those articles to particular purchasers, at a particular place, and at

prices not determined by the public demand in an open market, but fixed by men who assume the privilege to decide the price above which the public, or perchance themselves, ought not to pay.

2. The word monopoly is now often used, most loosely and deceptively, in a sense not only totally different from, but directly opposite to this its true meaning. In that loose and erroneous sense the word monopoly is used to designate all individual ownership or possession, and especially in things comparatively scarce ; whereas the real meaning is any artificial limitation put on the value of things, whether scarce or abundant, by arbitrary laws. Definite words must be kept to definite ideas, or else language becomes worse than useless. The two Greek words which make up the one English word monopoly, do not mean, as is commonly supposed, "single," sole, or individual, ownership. It does not mean the mere possession of anything, however rare, by one man or by one group of men. The word monopoly means an exclusive right of dealing in any article, which right is given to men to whom the article does not belong.* By nature, these two things are inseparable—the ownership of anything, and the free right to dispose of it. Every man, or every group of men, who, in the full sense, own anything, have naturally, in virtue of that ownership, a right to sell it for whatever it will fetch ; whereas, under a monopoly, the owner is sometimes not allowed to sell it at all except to certain persons, or is privileged to sell it at rates artificially and arbitrarily enhanced, or obliged to sell, on the contrary, at rates arbitrarily lowered in favour of a particular class of purchaser. In this last case the owner is not the monopolist in virtue of his right of ownership. It is the purchaser who is the monopolist in virtue of his privileged right—artificially created—of purchasing at preferential rates. If one man in a famishing city had legitimately become possessed, by foresight or otherwise, of a store of corn, he would not on that account be a monopolist.

* Johnson's definition is "the exclusive privilege of selling anything." The Greek words are *μόνος* and *πωλέω* = "alone" and "barter." *πώλης* is "a dealer." See Liddell and Scott.

But if some other man in the same city, or some group of men, were given the exclusive right of purchasing that store of corn for less than others would willingly give, then the character of monopoly would belong to them, and not to the owner of the store. The great iron-working company of Messrs. Carnegie in America, are not monopolists because they are the exclusive owners of certain mines. But they are monopolists because no American citizens are free to deal with other producers of iron upon equal terms—such being the result of a high Protective tariff. It is curious how much confusion of thought there is on this subject even among instructed men. Thus, even Professor Jevons, who was no communist, says hastily that "property is only another name for monopoly." * And so it would be, if monopoly meant simply the ownership, or exclusive right of use of things that are our own. But it does not mean this. It means, on the contrary, the exclusive, or at least some preferential and privileged, right to purchase things that do not belong to us, but to others. And this is not only a very different thing, but it is a thing exactly the opposite of the other. Of course, it may be said that this is a mere question of definition. But questions of definition, in the use of human speech, make the whole difference between the most fruitful truth and the grossest delusion. In this case the distinction between the principle of property, and the principle of monopoly, is a distinction fundamental in economics:—because, in its very conception, the full right of property involves the right of free exchange, whereas the very essence of monopoly lies in the limitation and abolition of perfect freedom in exchange. Property is the inevitable result of individual freedom. Monopoly, on the contrary, is always a restraint upon that freedom, and must be destructive of all the motives which animate and fertilise its action. These different ideas cannot be too carefully distinguished, because they are in absolute contrast in their origin, in their nature, and in their effects. The mere rarity of a thing cannot convert the possession of it into a monopoly. The ownership of a gem so

* 'Theory,' &c., Preface, p. xlv.

large and lustrous that no stone like it existed in the world, would not be a monopoly if all men were equally free to buy it. There can, therefore, be no such thing as a "natural monopoly." The very phrase is a contradiction in terms. If it were admitted at all as applicable to the mere idea of individual possession, and exclusive use, it would have to be extended widely. It would apply especially to the natural gifts of body and of mind, which are, above all things, natural, and at the same time, above all things, exclusive in possession. In every aspect, therefore, the phrase is a deceptive one, both because it applies the word natural to that which is essentially artificial—namely, privilege—and also because it suggests a remedy for any natural rarity or scarcity of things, which can never be any remedy at all, but rather must be a great aggravation of any evil attaching to the scarcity of anything. Rarity, or scarcity, is natural. Possession is also natural. But rare things are not made less rare by unnaturally separating them from Possession. On the contrary, in so far as rare things can be multiplied, the possession of them tends to multiplication. If they cannot be multiplied in respect to quantity, but can be increased indefinitely in respect to utility and productiveness, then also the possession of them is the natural and the only sure road to such increase. All those restraints on free purchase and free sale, which are alone meant by the word monopoly, are restraints artificially imposed, for the express purpose of preventing the automatic movement of natural values. It is, therefore, a mere confusion of thought that confounds the right of property in any article, however rare, with an assumed right on the part of other men to forbid or to restrict the sale of it, or to prevent in any way the full price of it from being obtained as the result of that sale, by the owner.

3. It is in this true and accurate sense of the word "monopoly" that the municipal system of all Europe was monopolistic down almost to our days. Nobody was allowed to sell anything for the full value set on it by those who wished to get it. Very often nobody was allowed to sell his own goods at all except to, or through, some privileged corporation. And

among the commodities so dealt with, was included especially the commodity of manual labour, and, of course also, the mental labour or skill of men. I have already referred to the extravagant and ruinous extent to which this monopolistic policy was carried in France under the old system there. When we read the masterly indictment against this system which is contained in the Royal Edict, abolishing it, which was written by Turgot, in 1776, it is impossible not to be convinced that among the many fountains of misery and of discontent in France, which issued in the maniacal passions of the Revolution, we must reckon as one of the most copious the long unsuspected and unseen effects of the abuse of Provincial and Municipal powers in restraint of individual freedom. It is well open to doubt whether any amount of despotism in the central government of France was by one-tenth part so mischievous in its effects. Indeed, the only hope of reform in this matter lay in the exercise of the great powers of a despotic monarch when guided by a new intelligence which had caught the lights of a new science. The central government had not begun the system of local monopolies. The monarchs of France had only gradually come to sanction it under various political and financial inducements. It was born, indeed, in that rank growth of provincial feudalism which had always been the great enemy of the central monarchy, and which that monarchy had a long and desperate struggle to overthrow. But the power of local jealousies and ambitions survived the fall of the great feudatories with whom they had begun. That power came to be lodged in the hands, and imbedded in the very nature, of popular bodies. Concession to local interests and to the growing influence of local organisations, became a fiscal resource. So clear was this as a matter of historical fact, that the great minister, who exposed the desperate evils of the system, attributed its origin entirely to the formation and rising power of communities representing particular kinds of handicraft—each demanding some exclusive privilege in its own work. The State as a central government became wholly unconscious of its duty in the maintenance and protection of individual

liberty, and gave away the most tremendous powers of despotism into the hands of corporate brotherhoods. These powers were exerted, as they were sure to be, with the narrowest range of vision as regarded the interests of the whole nation, and with a complete disregard of the very idea of personal freedom. The brotherhoods of particular handicrafts became more and more exclusive, until they ended in being almost as much hereditary castes, as those which have arisen in India. The whole internal commerce of the country was stifled, and the Wages Fund, which essentially consists in the widest ranges of opportunity, was reduced to the narrowest dimensions.

4. In our own country similar dangers had arisen; and it was only the almost fortuitous operation of other political causes that arrested the evil, and brought about the triumph of individual freedom over communal privilege and monopoly. The history of this change is particularly well seen in the case of the Scotch municipalities. Throughout the Middle Ages the old Royal Burghs were all monopolistic to an extreme degree. They had the exclusive right of trading, not only inside their own walls, but over wide areas of surrounding country. They had the power of fixing the prices of goods and of labour—all in the supposed interest of special handicrafts as identified with the interest of the local communities. But in Scotland this system was gradually broken down by another influence coming from a very different quarter, and a quarter from which recent economists have not been ready to acknowledge any contributions to their science. And yet it is not in rare cases, but continually, that we find individual men, in the instinctive pursuit of their own economic interests, working out results of the very highest value to society. And so in the case of industrial freedom among the growing civic population of Scotland we find that it was the feudal barons and the great landowners who were led to a course of policy and of conduct which gradually broke down the communal policy of monopoly and of restraint on labour. It is remarkable that they had always been free traders in respect to the import of corn. Repeated Acts were passed

to encourage it—passed by parliaments in which they were the predominant power. This is the explanation of the strong language used by Adam Smith in disparagement of traders and of manufacturers, as compared with landowners, in respect to restraints on freedom. It was founded on his knowledge of the historical facts of his own country, as well as on the actual experience of his own life. The communal bodies were everywhere the hotbeds of monopoly, and the classes who were directly concerned in agriculture awoke very slowly to the injury it did to themselves and to the nation. They seem to have insisted on some little freedom in the importation of articles which they needed for their own use; but they submitted, apparently, without a murmur, to the jealous prohibition of all dealing in such articles by way of sale to others. But the particular kind of action on their part which did ultimately lead to freedom, was the instinctive part they took in encouraging the rise of new centres of population upon their own estates.

5. Here we see again the fundamental distinction between mere property or ownership, and that which constitutes monopoly. The landowners were free to sell, or to lease, or to feu their land, to whom they would. No monopoly prevented this, and no exclusive or preferential right of leasing, or of purchasing, or of feuing, had ever been conceded to local bodies, such as could interfere with the perfect freedom of landowners in the disposal of their property. The consequence was that landowners did give leases and feus of land to individual men who might happen to see in new sites some special opportunities for establishing a successful industry. Thus, here and there, and everywhere, as opportunity occurred, villages arose. These insensibly grew to towns, and began more and more to trade, and to manufacture—in spite of the legal monopolies which had been granted to the old burghs. The various proprietors interested in them, whether lay or clerical, took an active part in procuring for them charters of incorporation. Practically, the new towns could not be prevented from buying and selling such articles as they needed, especially if they were established on natural harbours, or on the shores of tidal rivers. Parliament, though predomi-

nantly composed of landowners, was still for a long time under the influence of traditional beliefs, and it often tried to defend the old monopolist burghs, and to put down the new and unprivileged towns. So late as 1633 an Act was passed to support, and even to reinforce, the monopolist system in the hands of the older burghs. On the other hand, the working of individual interest on the part of particular barons, as well as on the part of those who had settled on their estates, produced a violent reaction. The decisions of the Law Courts began to reinforce the tendencies to freedom. They insisted on the strictest and most literal limitations upon monopolistic privileges. Landowners took an active part in contesting each case in favour of the new free towns in which they were severally interested. Cromwell, during his short rule, lent a helping hand in favour of free trade with England. The Restoration brought back with it also the old Protectionist or monopolistic doctrines. But it was too late. The old royal burghs were already declining. They began to enquire systematically into their own condition, and, in 1691, they produced a Report. The result came out that almost everywhere the privileged and monopolist burghs were stagnant or declining, whilst the new towns which had no monopolistic privileges, and were heavily handicapped in the race by having to fight against the communal monopolists, were as universally prosperous, and were rising every year in wealth and in importance. The explanation is very simple. The individual mind, set upon its mettle, was everywhere triumphing over routine and usage. In taking advantage of special opportunities—in seeing new openings—in shaking itself free from the stupid levelling of arbitrary trade confraternities, it was asserting its inalienable virtues. Some of the very largest and most flourishing towns in Scotland are amongst the number of those which have risen on the development of individual enterprise—such as Paisley, Port Glasgow, Greenock and Gourock; whilst, on the other hand, many of the oldest monopolistic communes were then, and still are, comparatively poor and unimportant.

6. This contest between the paralysing effects of local mono-

polies in the hands of communal bodies, and the beneficent effects of individual action everywhere, went on, so far as legal enactments were concerned, down to our own time. The monopolists fought desperately for their privileges to the last, until they found the contest hopeless. But it may well startle us to find that even so late as 1835 the Commissioners appointed to enquire into the Municipalities of Scotland reported that the legal and statutory rights of monopoly still remained substantially unchanged. And it is perhaps still more startling to find that not until 1846 did the Imperial Parliament formally interpose its supreme authority for the protection of individual freedom as the right of every manufacturer, of every trader, of every shopkeeper, and of every manual labourer in the kingdom. It does sound indeed like a strange anachronism, when we read in the Act of that year, that for the first time by statute law it was to be "lawful for any person to carry on or exercise any trade or handicraft in any burgh and elsewhere in Scotland, without being a burgess of such burgh, or a guild brother, or a member of any guild, craft or corporation." * But so it was. And in England, too, the parallel fact is to be read in the fourteenth clause of the Municipal Corporations Act, which provides that "every person" in every borough may engage in any trade, wholesale or retail, and may employ himself in every kind of handicraft or occupation whatsoever, "for hire, sale or gain, or otherwise."

7. The escape which we made in this island from the provincial, communal, and guild despotisms, which sterilised the industries of France, and contributed largely to the impoverishment of the people; the counter causes which led to that escape; and the ultimate adoption by our national legislature of the principle that its absolute duty lay in the universal and statutory establishment of individual freedom;—these are facts of history, in the development of our constitutional liberties and of our industrial success, which are of supreme significance. They show the inseparable connection between the

* 'Miscellany of the Scottish Burgh Record Society.' A most interesting volume. The Act quoted is 9 Victoria, cap. 17.

two spheres of true economic science, and of sound political institutions. Economic science is not indeed coincident and coterminous with the whole field of politics, because there are many provinces within the great area of legislative policy, upon which economic science has only a contributory bearing. But, on the other hand, economic causes and effects, when they are clearly defined and ascertained, must always be reckoned with as, at least, one of the most determining of all factors in legislation. The very heaviest weight of presumption must lie against any institutions, or any laws, which can be proved to paralyse or to discourage individual motive in the pursuits of industry,—to narrow the field, or to close even by a hairbreadth any of the opportunities of employment. What is often loosely and contemptuously spoken of as "mere material wealth" is generally not more, but less, materialistic than the objects aimed at by laws which are called political. Wealth, in all its forms—as we have seen that it must be logically defined—has elements and conditions which are predominantly immaterial; and assuredly the results which incite men to adopt many laws which they justify as political, are results, very often, as far as possible removed from any of the higher motives with which economic results are often so disparagingly compared. If it be an argument tainted with an undue regard for "mere material wealth," that arbitrary powers vested in provincial and municipal bodies, or in handicraft combinations, tend to impoverish society as a whole, it is surely an argument still more tainted with the same character—that such powers do tend, on the other hand, to enrich the local bodies which are in the enjoyment of monopoly. This may be true; but the enrichment is secured at the expense of everybody else. Both arguments equally refer to "material wealth." It is clearly a mere pretext, or else one of those confusions of thought which are generated by all abuses, to pretend that loyalty to our own mates in a particular trade, or to our own city, or to our own province, is a higher feeling—less "materialistic"—than our loyalty to the cause of human freedom, and to the welfare of the whole nation to which these parts belong. Con-

sidering the very close connection between economic wealth and the highest interests of society in every other department of human government, it is, generally, either self-deception or imposture to pretend that where any demonstrable results of economic history have condemned any law or institution as fatal to the increase of wealth, it can nevertheless be successfully defended on grounds which are called "political." The Acts of Parliament, which in England and in Scotland have consecrated the principle of the absolute right of individual freedom in the pursuits of industry as against the supposed interests of local bodies, are statutes which record and embody the very highest and surest conclusions of political experience and wisdom.

8. But all this experience, with its grand result, implies no doubt whatever as to the growing importance of municipal powers of administration in an age when the enormous growth of towns is a fact so striking and universal. Neither does it solve all the questions which must contemporaneously arise as to the extent of those powers which ought to be, and must be, committed to such bodies. What it does is to establish the fundamental principle that the extent to which personal liberty, and the free disposal of everything constituting wealth, can be restrained by municipal bodies, must be strictly limited and defined by the national authority. A spirit of the most zealous watchfulness over such powers has been, and ought to be, the spirit of our economic and political legislation. And it is quite certain from the inseparable connection which we have traced between the sense of security which gives confidence in all the enterprises of industry, that any sacrifice of this principle must have the most disastrous effects. A tyrannical and corrupt central government may, no doubt, be, and has often been, destructive of that confidence and security on which all industry depends. But it is doubtful if even the worst central government could strike home so directly or so universally at the very heart of wealth, as the local monopolies did in France, and as at one time they threatened to do in our own country. Indeed, the most desolating central governments which have been ever known,

or which still exist anywhere in the world, are precisely those in which local monopolies of administration and of taxation are bestowed on provincial governors and farmers of the revenue. It is through such minute subdivision and localisation of arbitrary powers that industry is most effectually destroyed, and, of course, its storages made impossible.

9. But although historical experience and economic reasoning demonstrate the danger of giving any but the most strictly limited powers over individual freedom to local bodies, whether provincial, municipal, or industrial, the question remains how to define and specify the powers which the central or natural government ought to give, and will be safe in giving. Human affairs are far too complicated to admit of sharp abstract definitions on such practical questions as this. Nowhere should we be under greater danger of erroneous conclusions due to neglected elements. Only in the most general terms can important principles and distinctions be indicated as needing to be kept in view. Thus, one of these principles underlies the whole progress of legislation in the British Parliament—namely, the principle that the national or supreme government must keep, as the very first of all its duties, a close watch over local action in limiting individual liberty, and, consequently, that any local powers of interference with it should be doled out to subordinate bodies, one by one, under the most careful and specified limitations. The rule and practice has been, and ought to be, that nothing done in this direction can be recognised unless it has been under express authority. There is an immense difference between this system and the principle—often confounded with it—that everything may be done which is not expressly forbidden. This last system gives a leverage to local tyrannies of which they may take dangerous advantage, and imposes the necessity of a degree and of a kind of vigilance on the central power which it may be impossible for it practically to exert. It was in this way that the desperate evils of French provincialism arose before the Revolution.

10. It would be absurd to attempt an abstract definition to guide us in the selection of the powers which can be safely given. There are a whole host of powers which it cannot be

denied are of the highest local importance, but which, nevertheless, Parliament has systematically withheld from local bodies. In France, even at the present moment, we may look upon the "octroi" or internal customs duties levied in all the municipal towns and cities, as relics of the tremendous powers once exercised by all the municipalities. These octroi duties tell heavily on the economic welfare and resources of the poor, and it is improbable that the British Parliament would ever concede the power to exact them on any municipality in the United Kingdom. Neither would it allow differential rates of taxation to be levied on particular classes, nor a thousand other things to be done which may be claimed as concerning the local community alone. One of the most curious cases which illustrates the jealousy of our constitutional system against the concession of any arbitrary powers to local bodies, is the case which occurred in the present year in respect to the powers which a local Act had inadvertently given to the municipal authorities of Eastbourne. Religious processions with bands of music are exercises of individual liberty which may undoubtedly border very closely on the fair definition of a public danger. Yet the power of interfering with them, even although it had been actually already given by a special Act, was deliberately withdrawn by the last Parliament as unduly interfering with the liberty of the subject. Still more vital, as affecting the economic interests of the country, is the protection of individual freedom against local bodies in the form of trade restrictions, or of unjust and unequal taxation.

11. But the maximum of economic evils is attained when the central government itself adopts some vicious principle, and hands it over to be administered by local powers. This was the case of the old English Poor Laws—the very principle of which was fatal to industry in the systematic encouragement of laziness and in producing the habitual dependence of the poor on the industry and property of the community. But in the hands of the local administration it became worse and worse, until it resulted in economic evils of which Professor Marshall has justly said that they were worse than either war

or famine.* This is not the place to enter on so large a subject. But no one who has read the evidence of the Poor Law Commission in 1832 can fail to appreciate the really disastrous effect which that Law had on the prosperity and wealth of the country.

12. Resorting, as before, to general terms in defining what powers should be allowed, we may safely say that in addition to the ordinary powers, duties, and supreme obligations, connected with the protection of property—the maintenance of order and of law—municipal bodies should have large powers in matters relating to health and morals. It is in these matters that we have the longest lee-way to make up in great cities—and the most to do in remedying the want of forethought in former generations. Some limitations on individual freedom are absolutely required in respect to all that belongs to the healthy building of houses. This alone embraces a wide category of duties not easy to be exhausted. And so, coming nearer to a matter more purely industrial, there is no principle of economic science which demands that individuals should be free to conduct any trade which can be honestly condemned as of necessity corrupting to the public morals, or to the public health. The drink traffic comes within this category—at least in a measure and degree ; and the power of determining this degree must be shared between the central and the local authorities on considerations of practical wisdom and possibility. This is not the place to enter upon so large a question, but it is the place to indicate that in a predominant degree it is one which lies outside the field of ordinary industrial freedom. There can be no dispute as to the economic and moral evil of excessive drinking, and the right of limiting it is unquestionable—in so far as it can be done without any needless, and probably futile, attempt to infringe personal liberty. Public-houses under our present system are in the strictest sense privileged monopolies, and the right to regulate or restrain them, as such, is incontestable. The unseen elements here, however, are many and important. Excessive restraints may not be workable. They may incite universal rebellion, in the

* 'Principles,' p. 41.

form of systematic evasion of the law. Economic science has no predominant authority on such a question as this—although any economic science that is true must take note of those special facts of human life which affect this question, just as it is bound to take notice of any others.

13. Neither have economic arguments, as commonly understood, any exclusive authority in deciding what works or operations ought to be undertaken by a municipal community as a whole, and which of them had better be left to private enterprise on defined conditions. If we assume that there exists a high standard, or even a fairly honest standard, of public virtue in the constituent body, the question may well be determined in one way; whilst on the opposite assumption it would certainly be determined in the other way. Hitherto the reformed municipal bodies in the United Kingdom have been free from corruption. The local government in such cities as Birmingham and Glasgow is generally understood to be as well and honestly conducted as the supreme government itself. On the other hand, the American municipal bodies are said on good authority to be almost universally corrupt, and their corruption lies in the great mass of the voters. On the first of the above assumptions, as to a perfectly honest administration, great public works may be most beneficially undertaken by the community as a whole, as has been done in the case of the water-supply of Glasgow. On the second assumption it would be much safer to commit them to private enterprise. Men don't job, and employ dear and useless labour, when they are acting in their own interest as shareholders. But they do job most unscrupulously, in this way, when they themselves have a direct interest in extravagant expenditure. This is the whole secret of the prevalent corruption in America. And it is a principle on which economic results, whether for good or evil, do very largely depend. The common and superficial idea is that, whereas the managers of a company are always thinking of the interests of their shareholders, the managers of a municipality will be always thinking of nothing but the interests of the community as a whole. But in this idea the neglected elements are of supreme importance; and when they are taken

into account, the conclusion may be very different. It is true that the managers of an industrial company think mainly of the interests of their shareholders. But what is forgotten is that conditions may be easily devised under which, in the very nature of things, the interests of shareholders are identical with the interests of the whole community for which they perform some valuable service. It is easy to devise such conditions, because in all commerce this is the natural tendency of things. A company of shareholders may be so large as to embrace a large part of the whole population. The greatest work of modern times—that which perhaps has had the largest economic results over the whole world—the Suez Canal, was made by the capital of millions of small capitalists. There is no necessary antagonism between public interests and those of a great company. Profit tends to come from good service, and out of economic management. This natural tendency may be strengthened and made almost undeviating by a few leading stipulated conditions. These, being known beforehand, become the basis of calculation for conceiving minds, for skilful managers, and for all the inventiveness of thrift. Thus, the result of self-interest, instead of being adverse to the public interests, becomes absolutely identified with them, just as it is visibly so identified with them in all the vast work of Distribution in a population such as that of London, where the whole feeding of the people is effected by private enterprise.

14. On the other hand, let us now look at the other side, and we shall find that the neglected elements in the case of any great community as a whole, undertaking large industrial operations, are elements of tremendous power. It is true that in abstract theory those operations would be conducted with no view to the profit of shareholders, and with a single eye to the profit of the whole people. But it is forgotten that the community as a whole must act through some selected body assumed to be representative. Next, it is forgotten that this body may be, and generally is, selected only by a majority Then, farther, it is forgotten that this majority may be, as it actually is in the American cities, at the complete command

of one section of the community, and not of the whole. Then, still farther, it is forgotten that this section of the community may be that which contributes comparatively little or even nothing at all to the payment of those rates out of which expenditure has to be met. Then, again once more, it is forgotten that this voting, but non-contributory section may be precisely that section which is directly interested in promoting an extravagant expenditure, because it is paid into their own pockets in the form of high wages for comparatively useless labour. This is what we know has actually taken place in New York; and it is what is, at least, alleged to be now more and more tending to take place in Australia. As regards the United States, the facts may well seem incredible. It has been lately stated by an American writer occupying a responsible position in the city of Boston, that there are no municipalities in the Union that are free from corruption, with a few exceptions, all of which have this one characteristic—that they are not appointed by popular election. One exception is the city of Washington, where the municipal body is appointed by the Federal Government, and the other exceptions are all in one State, the people of which have had the wisdom and self-restraint to adopt some similar precaution. Last, but not least, it is forgotten that there is in all human institutions a constant tendency to corruption, and that the whole science of government must consist in building up systems of law and of administration, which tend to "keep down the base in man" by working the universal and legitimate instincts of industry in the service of society, under conditions which do not tempt men to departures from honesty and public virtue.

15. This tendency to corruption is the element of danger which is the most generally forgotten of all, and yet it is the one which has the most insuperable importance. Of course, the knowledge and recognition of the fact of human corruption, and the universal consciousness of the dangers it involves, does now find, and has always found, expression in a thousand forms. It is the basis of all systems of law and of jurisprudence —of all police provisions—of all special laws for the prevention of fraud, for the enforcement of obligations, and for the redress

of wrongs. But it is totally forgotten by innumerable theorists in their dreams for the reconstruction of society by the suppression of the individual. Even if the bodies which are supposed to represent society were gifted with the highest human wisdom, they would be incompetent to the task of directing the innumerable enterprises of the individual mind. The suggestions to which it is ever open are so various, so subtle—even so evanescent as regards the opportunities which occur, and which by a moment's indecision or delay may be lost for ever—that the clumsy, and often stupid, movements of public bodies, even when perfectly honest, would sterilise the fountains of industry at their very source. But when we add to this inherent incapacity the equally inherent tendencies to corruption which arise from the conditions of human nature, we may have some faint idea of the confusion that would ensue from the suppression of individual interest in its legitimate and natural fields of operation.

16. And, be it remembered, it is only in those fields that it can possibly be suppressed at all. It cannot be suppressed in those other fields of action where it is most vicious. The pre-eminence of individual men cannot be prevented, nor can the sheepishness and corruptibility of others. All that can be done, and this is most effectively done in times of anarchy, is to turn the energies and the power of individual men into wrong channels, and to give free scope to the personal passions and to the ambitions of the most violent and unscrupulous members of society. There is a natural law which works out this result. Men can be trusted in the management of their own interests—in the employment of their own faculties, and the disposal of their own property. But they cannot be trusted when they are free to deal with those of others, except under all those restraints of accepted and authoritative doctrines, of growing experience, and of gradual progress, which have been the governing conditions of all well-ordered commonwealths.

17. It is, indeed, most true that the often-neglected element of human corruption is developed in the action and conduct of individual men even in the sphere which is its own ; and assuredly society has enough to do in dealing with it through all

the ramifications which it may take in producing tangible evils, that are remediable by wise and appropriate legislation. But there is nothing new in this. In practice it has been an acknowledged principle since society existed even in its rudest forms. All customs and all laws appeal to it when they are concerned in the defence of rights and in the enforcement of obligations. If all men were perfectly honest and perfectly virtuous, there would be no need for one of a thousand enactments, or for the costly organisation of courts of justice, and of police, which are needed to defend men from each other's fraud or breaches of faith. As new forms and opportunities of evil come to be developed, new precautions have had to be, and will have to be, adopted on the same lines. But the more closely we examine the direction of these lines of legislation, as they have come to be determined by the growing experience and knowledge of civilised society, the more clearly we shall see that they point to the field of morals as that in which protective and restraining action has been found most needed, and to which it has been more and more confined.

## CHAPTER XVIII.

RELATION BETWEEN OLD AND NEW ECONOMIC FALLACIES. WHAT ECONOMIC SCIENCE IS: AND WHAT IT IS NOT. NEW DANGERS.

1. THERE can be no broader mistake made in respect to historical fact than that which is now often repeated, that Parliaments and Governments were careless of the interests of the wage-earning classes during the ages when those classes were not in the possession of political power. It is the fact, on the contrary, that all through the Middle Ages the tendency to legislation in directions which we should now call socialistic, was one of the most marked features of the time. The generally accepted idea was that everything could be regulated by law. Prices of food were to be lowered in the interests of the poor. The interest of money, under the name of usury, was to be fixed on the same principle. The wealthier classes passed statutes against their own luxuries, and sumptuary laws were adopted under the foolish notion that a lowered standard of consumption would tend to produce greater plenty for the multitude. But more than all this—in cases where the Legislature saw results apparently unjust or inconvenient, arising from individual freedom under the operation of natural causes, Parliament was in the constant habit of stepping in to rectify what was supposed to be unjust. Thus, in a typical case, in close analogy with many cases in our own day, in the reign of Edward the Third, it was noticed that fishermen very often got a very small price for their fish as compared with the prices realised by the wholesale purchasers, when these last bought for the purpose of selling the fish again to

the public. Here we have exactly a case of what is now called "the Middleman." They were supposed to wrong the fishermen, on the one hand, by buying the produce too cheap, and to wrong the public, on the other hand, by selling it too dear. And so the law benevolently stepped in to protect the poor fishermen, on the one hand, and the consumer, on the other. It was enacted that the publicans of Yarmouth were to make no more special and wholesale bargains with the fishermen. The meritorious catchers were to be protected against themselves in accepting too low prices. They were to be assured of the full prices to be obtained in an open market. The wholesale buyers were to be prevented from getting what profit they could make out of the public. Everything was to be regulated by a supposed spirit of equity embodied in a law. And what was the result? In four years the plan broke down absolutely. It was found that the hated "middlemen" had discharged a function, as distributors, which the first producers could not discharge for themselves. They had produced Distribution—one of the most valuable of all productions. The benevolent interference was childish. The fishermen could not leave their boats and nets to attend a market. The distributors could no longer calculate on the profits which would alone pay them for the risks of dealing in a very perishable article, if they were to be prohibited from getting what they could from the consuming public. The benevolent law was repealed. The King and his Parliament confessed the blunder they had made. Their intentions had been excellent. "The authorities," says a living writer, who has brought this case into notice,* "always meant to fix prices so that no one should pay exorbitantly, and also that no one should be underpaid for his work." It was considered desirable that prices should be low, so that all might be able to purchase what they wanted; but not so low that the producer would be badly remunerated.

2. It is curious to observe that underlying all this benevolent legislation, there lay, unconsciously, the modern Ricardian

* 'Growth of English Industry and Commerce,' by Cunningham. Cambridge, 1882, pp. 182–4.

idea that value must always be regulated by the amount of work expended upon an article by manual labour and by nothing else. Its attraction was its apparent equity. And this spirit ran throughout all the legislation of our early history. It would be well, therefore, to recognise the fact that former generations of men have had, on the whole, quite as much conscience as we have ourselves. What was wanting in them was not the will to be benevolent and just, but the knowledge of the way to set about it, and this knowledge may quite as easily fail us, as it failed them. Our ancestors, even in the legislation which now seems to us most silly, had generally the best intentions. Their benevolent ignorance culminated at last in that supreme act of folly which established a legal right in every man to live upon the industry and property of his fellow-men :—an Act of which, in its practical results, as we have seen, so calm a writer as Professor Marshall has said that after considering the effects of disastrous wars, and of an unprecedented series of bad harvests, the administration of it was "worse than all," because it "undermined the independence and vigour of the people." *

3. If, therefore, we are to employ the "Historical Method" so often vaunted as a *Novum Organon* in Economic Science, we must above all things note what it was in the legislation and ideas of our ancestors that led them wrong. It was the utter absence of any conception of the modern and scientific idea of natural laws which are supreme, and to which human legislation must conform if it is to have any desired effect. Our business as economists—and a most difficult one it is—is to find out what those laws really are, and to yoke them in our service. This is not a doctrine which teaches listlessness, or indifference, or inaction. It only teaches—through many doubts and difficulties and through many failures—what are the criteria to be looked for as to the probable or possible efficiency of legislative action, so that a given result may be attained without involving other results which may be utterly unforeseen. The general impression that interference with individual liberty, as a system, and on principle, has been

* 'Principles,' p. 41.

increasing in recent years as compared with medieval times, and that this increasing invasion of personal liberty is the result of a well-taught experience, is an impression quite unfounded. That there is a danger, and a very serious danger, of a revival of exploded errors, may be true. But it is not justified, or even excused, by either recent experience, or by any abstract reasoning which will stand discussion. Whatever progress Society has really made, has been due to the systematic removal of artificial restrictions, and not to any extension of them. For every one restriction which we have been newly adopting in recent years, we have been abandoning scores which were universal in our fathers' days. What has happened has been this—that certain new evils have been developed in new directions, arising out of new conditions; and that whilst we have been steadily abandoning, more and more, all restrictive legislation in such matters as the regulation of price or value, we have been extending some other kinds of restrictive legislation—not so much into new provinces—as into provinces of legislation as old as society itself, but in which new evils have arisen and new applications of principles, quite sound and quite familiar, have become required.

4. Let us take the case of the Truck Acts. These are commonly referred to as Acts interfering with individual liberty. But it would be just as reasonable to classify under the same description the Acts against false weights and measures. The aim and object of the Truck Acts, was not to prevent bad bargains, but to prevent fraud. They do not profess to prevent, nor do they actually prevent, the poorest people from getting too low wages. What they do aim at preventing is—that the poor should be kept in ignorance of what they really get in the name of wages when a nominal value is put upon goods, which may be fraudulently high. This ignorance is inevitable when wages are paid in goods, instead of in the money of the realm. But this explanation throws an entirely different light upon the principle of the Truck Acts. Even in the narrowest interpretation of economic laws, all Acts passed to prevent fraud, or to render it more difficult by securing the fullest knowledge on the part of all men of the real nature

of the bargains offered to them, whether for labour or for produce, are Acts strictly within the essential functions of the State, as admitted in all times. It is almost needless to point out that this principle may involve great varieties of legislative and remedial action; and it is important to observe that it rests entirely on a half-conscious recognition of the perpetual tendencies to corruption in human nature. If all men were perfectly, or even decently honest, there would be no harm and no danger in wages being paid in goods. In many cases it might be the best course for all parties concerned. And in spite of the Truck Acts there are cases in remote districts, out of reach of banks, in which the practice is, and must be pursued, more or less. Even elsewhere it is an element in rural wages widely prevalent. But the temptation to fraud on the one side, and the liability to deception on the other, are in many cases so great, that the law has justly condemned it as a system.

5. This tendency to corruption meets us at every turn as indeed an universal fact. It compels us to look to every influence, and to every principle, by which the better tendencies of our nature can be appealed to as restraining forces. And one of the very best, strange as it may sound in the ears of some theorists, is that instinct which leads us to set the highest value on the freedom of our own individual will—freedom to act as it may seem best to ourselves in all the legitimate pursuits and activities of life. Benevolence itself, and all forms of virtue, demand this freedom as the absolute condition of their existence. We cannot give anything which has not first been made our own. When Ananias wished to claim the credit of having given the whole of that price which he had not completely given, the piercing question asked of him was this—"Whiles it remained, was it not thine own? And after it was sold, was it not in thine own power?" * The credit which he had fraudulently claimed was a credit entirely hingeing on his freedom to give or not to give. We do not give anything unless we are free also to withhold it. We cannot be true to the cause of justice to others unless we

* Acts v. 4.

require it to be practised towards ourselves. In demanding it, as well as in rendering it, we are discharging our highest function in the body politic. And the same law obtains in the sphere of worldly wisdom as in the higher sphere of virtue. We may have generally but poor means of judging what it is for the real interest of other men that they should do. But we all have, at least, the best means of knowing what it is best for ourselves to do. No man deliberately wishes to cheat or delude himself; whilst thousands of men are ready to delude their neighbour, and even when there is no wish to injure, there is at least a comparative indifference to the interests of other men, which disqualifies us all from assuming, except under the most stringent conditions of responsibility, the office of judging for others how it is best that they should act. Those who undertake this office most readily are generally the worst men of all. Jealousies, envies, hatreds, preferences, favouritisms, prejudices, of all kinds and degrees, are often the sole influences under which they act. To employ every man in that kind of work for which he is most fit—every agency in that to which it is best adapted—is the grand secret of all success in the organisation of labour. And so it must be in the organisation of society. Its health, and even its sanity, depend on the due action of its functional parts and atoms. Each of these must be left to discharge its own office. Every constraint which is not essential to the equal freedom of every other part, is a mischief, and may very easily be a poison.

6. That qualification or limitation of the principle of individual freedom which demands that it shall not be allowed to interfere with the like freedom in others, is indeed essential. But, properly speaking, it is no limitation at all, because it is involved in the doctrine as a part of itself, and belongs to its very definition. In the physical world, when spherical bodies are held together in one aggregate, each of them loses, more or less, its perfect sphericity, and becomes a polygon. And so it is in the spheres of individual right. They are in contact on all sides with other spheres like themselves, and must accommodate themselves to the resulting pressure. But this is no derogation from the doctrine of individual freedom. On

the contrary, it is merely one of the illustrations of its natural operation. It does not interfere with the functional work to be done; on the contrary, it is one of the conditions of the needed interaction. As the complexity of civilised life increases, the number of points of contact between each individual sphere of freedom, and those other like spheres with which it is associated, increases also, and of necessity. But they do not demand interference unless in the case of morbid and unhealthy action. Nevertheless, the collective will and conscience of every political society is not only well within its right, but is acting in its special province, when it provides against the success of fraud by securing competent knowledge and means of judging for all who may be in danger of being deceived.

7. A very curious and highly instructive case may here be cited for the purpose of bringing home to us both the general principle here involved, and also the difficulty and the delicacy of the practical questions which it must often raise. Bentham, in a remarkable passage, pointed out the valuable results which would probably arise from abolishing that restraint on the freedom of the individual will in commercial enterprise, which consisted in the law of unlimited liability as applied to shareholders in an unsuccessful undertaking. "Were it lawful," he says, "for every one to engage in commercial undertakings for a limited amount, how many facilities would be afforded to men of genius! All classes of society would furnish assistance to inventive industry: those who wished to risk only a small sum —those who could annually dispose of a certain sum, would be enabled to engage in this species of lottery, which promised to yield them an interest above the ordinary rate. . . . The spirit of gaming, diverted from its pernicious direction, might serve to increase the productive energy of commerce and art." * Now, this argument has, in our own day, at last prevailed. I took some little part in supporting it in debate when the dangers of the new principle of Limited Liability were forcibly indicated by the late Lord Overstone. It is undeniable, I think, that Bentham's predictions have been largely fulfilled.

* Bentham's Works, vol. iii. p. 48.

But none the less it is equally undeniable that some of the dangers predicted by Lord Overstone have been actually produced. Bentham spoke of the help which the new law would give to "men of genius." And this help it has unquestionably given. But unfortunately it has also given help to "men of straw." The easier floating of bubble companies has been an accompaniment only too conspicuous. Nothing can have a worse economic effect than these. They promote rash and unprincipled speculations; and when these fail, the shock given to public confidence is very often out of all proportion to the actual losses sustained.

8. This is the kind of way in which the corruption of human nature works round to unforeseen effects; and to the end of time the collective wisdom and conscience of political Societies must have their highest powers taxed to the uttermost in devising how best to encourage what is good, and to check what is bad, in the workings of individual interest. But what is bad in these workings cannot be checked by calling in the aid of the individual in another form more liable to corruption than in any other. That form is the meddling intervention of public bodies dominated by political parties, and swayed by political leaders, who are often themselves incited by little better than their jealousy of men abler, thriftier, and better than themselves. Bentham saw this danger and struck at it when he dwelt on the benefits of individual freedom in commercial enterprise. "There are some," he says, "who are natural enemies to merit of every kind. Every conquest achieved by industry, in the career of invention, is a loss to them—every discovery an injury. Commonplace men have a common interest which they understand too well: it is that all should be commonplace like themselves." * This temper Bentham had seen exhibited in a thousand ways. The just desire that all men should be equal before the law, was perpetually confounded with the very different and even opposite conception that the law should be employed to establish an artificial level of an unreal equality by suppressing the natural, necessary, and legitimate consequences of indi-

* Bentham's Works, vol. iii. p. 48.

vidual pre-eminence. On the other hand, we can now see that there was a neglected element in Bentham's reasoning, when he forgot that new forms of "the spirit of gaming," in some ways worse than the old, might arise from the corruption of human nature finding new opportunities when speculation should be free from the penalties which had been held over the heads of all men by a law of Unlimited Liability. It is indeed an immoral thing to gamble with our own money: but it is a still more immoral thing to gamble with the money of other men who are duped by unscrupulous "promoters" playing on their speculative instincts.

9. It would be difficult, then, to produce any illustration more striking, of the wide sweep and of the multitudinous bearings of an adequate economic science than this case of the law of unlimited liability—of the arguments which led to the abandonment of it—of the expectations entertained as to the effects of a Limited Liability, or of freedom to invest with no greater risk than the loss of the invested sum—of the actual results in the balance of good over unquestionable evils—of the possibility of precautionary modifications being even now required—and of the temper of mind, in which the successes of capital may be sometimes regarded, whether by ignorance or by envy. It is impossible to deny that this question is one almost purely economic. It goes directly to the sources of wealth—to the flow of it—to the distribution of it,—to the employment of it—and to the increase of it. Yet it is equally undeniable that it cannot be probed to the bottom without taking into account a thousand facts and considerations which concern metaphysics, jurisprudence, politics, morals, and even religion. Contributions of the utmost significance, and of the most intimate bearing upon results, come from each one of those great subjects of enquiry, and cannot be neglected with impunity.

10. It is due largely to the neglect of these high claims on the part of economic science that it has become so greatly disparaged, and that at the present moment it would almost seem to be losing ground in many of its most essential applications. Some claims have been advanced on its behalf which

cannot be sustained ; whilst other, and far higher, claims have been sacrificed by the worst kinds of handling. The attempt to set up a claim on its behalf to use the methods of mathematical demonstration, and to attain the mechanical precision of the truths reached in what are called the exact sciences—is an attempt which revolts the common sense and even the conscience of the world. Professor Marshall hints this somewhat gently when he says, "It is doubtful whether much has been gained directly by the use of complex mathematical formulæ."* Men feel instinctively, even if they cannot logically prove, the fallacy of determining the wants and the weal of society by the quantities of its measurable wealth. The pretended equations between pains and pleasures,—the "plus" of this one and the "minus" of that one,—and the different "ratios" of all to the supreme desires and aspirations of men, —all these formulæ are instinctively felt to be practically useless, if indeed they are not in themselves absolute nonsense. Indeed we must go farther than Professor Marshall's gentle hint on this matter. He pleads that indirectly mathematical habits of thought have been of great service, "for they have led people to refuse to consider a problem until they are quite sure what the problem is." But, alas! this is just the effect which has not been produced. On the contrary, it may be well argued that the analogies of mathematical truth have tended to introduce confusion into our conception of the very nature of economic causes and effects.

11. On the other hand, whilst the very name of science is thus taken in vain, all claim to the use of other methods which are truly scientific are compromised, if not wholly sacrificed and lost. There is such a thing as a science of mind ; and the truths which it deals with, and which it at least tries to systematise, are not lower truths, but, on the contrary, far higher truths than those which are the subject of mathematical demonstration. And if there be such a thing as a science of mind, there must be such a thing as a science of law, and of jurisprudence, and of government. Economic science is not lowered, but rather heightened, in every just estimate of its reality, by

* 'Principles,' p. 148.

repudiating all pretension to use the methods of quantitative relation, and of mathematical proof. These methods are not higher, but lower in their results than the methods by which alone we can really deal with the Weal and with the Wealth of nations. And just as a good physician not only may, but must take into the consideration of his treatment of the body, the constitution of the mind, and the laws by which its working ought to be controlled, so in dealing with the Body Politic, we are not only free to consider, but we are bound to consider the highest elements which belong to the health and to the diseases of society.

12. In this, as in many other points of view, we can get no higher impression of the truth than in those writings which carefully abstain from that lower sphere which we too commonly understand by politics. There could not possibly be a more profound analysis of the natural facts on which a true economic science can alone be founded, than, for example, the description given by St. Paul in his comparison between the society of the Christian Church, and that incorporate association of parts, and powers, and functions which make up the human Organism. It is a comparison in which the writer anticipates the latest results of physiological research in language which covers and includes them all. It is a comparison which indicates with wonderful accuracy the interaction of organic units in building up a living structure. Above all, it is a comparison which crowns and completes the whole, by a single concluding touch of that human, yet also Divine, element in which political economy has been often justly blamed as sadly deficient. "The whole body fitly joined together, and compacted by that which every joint supplieth, according to the effectual working in the measure of every part, maketh increase of the body unto the edifying of itself in love:"* such is the profound and noble image employed by the great Apostle of the Gentiles to describe that Society which had, and still has, the highest aims of any society on earth. It is an image taken entirely from the physiological laws which govern the growth and functions of the living body. There can be no

* Ephes. iv. 16.

restoration of economic science to the place from which it has certainly fallen in the accepted opinions of men, until the fundamental conception embodied in this image, is grasped, and believed in, by the world. That conception does not require us—it does not even permit us—to pretend that we already know all the natural laws which govern society. It does not encourage us to believe in the universal validity of abstract phrases pretending to represent the postulates and axioms of geometry. But it does require us to see, and feel, that to attain any desirable ends we must set the right way about it—that we cannot do what we like by taking short cuts of legislation, regardless of natural facts and laws which cannot safely be either neglected or overborne. Above all it does not require us to dismiss from our consideration, as lying outside our science, the dictates of humanity, the movements of benevolence, or the aspiration after great ideals. But it does demand of us a humble and a hearty assent to the doctrine that all sound and effective work in those directions, must be done in subordination to an enlightened reason—recognising the eternal laws of our human nature, and of the system of things in which we live.

13. In the sphere of physics this doctrine has now come to be universally acknowledged, and it is in that sphere, accordingly, that the increasing triumphs of science have been won. But, in the sphere of politics, the same doctrine makes its way only by the slowest steps. The sense of our own will, and of its powerful agency within its proper area, so dominates our whole consciousness that we are continually tempted to think of it as supreme, and therefore to neglect, and even to defy, the authority of those natural causes, against which, nevertheless, every rebellion is a folly or a crime. Sometimes even our best passions seem to conspire with our worst in producing this effect. The purest emotions of benevolence and the most impure promptings of envy, are often alike concerned. There never was a law passed, perhaps, in a purer spirit of benevolence than the old English Poor Law. Yet never, assuredly, has any law been ever passed which worked round by surer steps of natural consequence to the

most ruinous effects. Moral sentiments and regard for the interests of manual labour have always been largely concerned, and with perfect sincerity of belief, in the whole system of Protective laws and customs which choked the old industries of France under the old régime. They are at this moment as rife as ever in all countries which cherish restrictive laws on that freedom of individual enterprise which is the essential principle of Free Trade or Free Exchange. It is true, indeed, that no restored structure of economic science can ever be erected upon any neglect of the duties of benevolence, or upon any theoretical banishment of the sentiments which it inspires from the supposed sphere with which that science has to do. But what the scientific spirit demands, is not any surrender of the highest aims, but only the surrender of rash or ignorant methods of pursuing them. And all methods are rash which are not founded on the abiding consciousness that nothing can be done well, unless it is done by using the appropriate means :—that these means are provided for us by facts and laws of our own nature, which, being as fixed and certain as the laws of the physical world, are consequently as certainly to be relied upon, and as incapable of being dispensed with. This is not a doctrine which discourages exertion. Quite the contrary. In the one sphere, as in the other, it is the certainty, uniformity, and in a sense even the rigidity, of elementary laws that constitutes their pliability to Purpose. But they will not lend themselves to successful purpose unless they are clearly understood, and their operation definitely apprehended. Neither will they work to order if only some one or two of them are seen, and some two or three others quite as important, and perhaps of even quicker operation, are left out of the account.

14. This is the essence of all the desolating mistakes which have arisen from Neglected Elements. This is the secret of the terrible failure, and indeed of the ruinous effects which, as we have seen, all modern enquirers have justly attributed to the old English Poor Law. What higher aims can there be than those of Christian charity? What can be a more easy mistake, founded on neglected elements, than to confound

these with indiscriminate almsgiving? Then again, how often do we not see in our own day the next downward step taken in this path of blind neglect, when we hear it argued that it can never be wrong to compel all men to do what all good men willingly do by virtue of their benevolence and of their sense of duty! Why not make giving, and liberality, and generosity compulsory? Why not, indeed! Simply because all these virtues cease to exist when they are made compulsory. Rate-paying is not giving. It is not charity. Nor is it even enough to say that it ceases to be the same thing. It becomes an opposite thing—with antagonistic properties and effects. We know by an incidental quotation from the highest of all Authorities, how He said that "it is more blessed to give than to receive." But it would be indeed a grotesque perversion of that divine saying to take it as meaning that it is more blessed to be compelled to pay, than to be entitled to receive. The element which is indeed blessed in giving, does not exist in mere paying under orders. Nay more,—another element is introduced by compulsion, which is not blessed at all, but rather cursed, or at least inevitably tending to desperate evils. New motives, altogether different, are set up in a moment, when almsgiving is converted into rate-paying.

15. Any law which gives to one set of men a right to live on the industry and property of others, starts of necessity a spirit of idleness and of imposture on the one side, and not less certainly evokes a spirit of suspicion and of resistance upon the other. Even the legislative system itself, into which such a law has been admitted, is compelled to take notice of, and to provide against, the more obvious abuses. Thus, the right of living on the industry and property of the community in which the wage-earning classes labour, had to be guarded by some definite rules as to the time of residence and of service, which could alone confer the right within any given area. It was clearly impossible to allow strangers to flock in as they pleased to any parish where the rate-paying fund was as yet not absolutely exhausted. Hence arose the necessity of a stringent Law of Settlement. This law, again, set up a new cycle of desperate mischiefs. On the one side, it interfered

with that free movement in the disposal of their persons by the wage-earning classes, which is an essential element in the very possibility of securing its full market value. On the other side, it set up a lasting motive in the employing classes to restrict the settlement of men in permanent homes, which might readily become lasting centres of idleness and of pauperism. And so on—through innumerable ramifications of natural consequence—did one false principle burrow through, and undermine, the very foundations of society; and all its pestilent results were due to the blindness of men to elements lying hid, and consequently neglected, in plausible propositions of apparent benevolence.

16. It is, nevertheless, a gross misunderstanding of the high place and claims of a true economic science, to represent it as a science which takes no cognizance whatever of the duties of benevolence, merely because it traces and condemns the steps of natural consequence through which benevolent intentions have so often come to grief. The very power it possesses of tracing those steps, and of holding them up to the light of day, is a proof that it is working within its own province, when it identifies and condemns the errors of thought through which laudable emotions have deviated into wrong and often ruinous lines of action. The notion which would confine the very name of science to the sphere of physical knowledge is hardly more erroneous than the notion that in the sphere of mind, science can deal only with purely intellectual, and never at all with ethical, conceptions. Science is not a word which ought to be appropriated to knowledge of some one or two kinds, or of any selected number of things, to the exclusion of others. Scientific knowledge means simply all knowledge that is systematic—that is to say, all knowledge that contemplates things in their true and necessary relations to each other. In mental science the heart is inseparable from the head; and no science can ever pretend even to be a science at all, which does not, at least, endeavour to reconcile the action of these two great centres of movement in their best relations to each other.

17. It is often easy to detect the secret springs of

temptation which lead different men to compromise the interests of that great department of knowledge which constitutes economic science, even when they think themselves to be faithful soldiers in its cause. Sometimes it is mere intellectual laziness. When some abstract proposition, or dictum, of a favourite author or of a favourite school, is the weapon which we handle in any argument, it is often a trouble to be reminded of this, that, and the other, limitation on its truth, or on its perfect applicability to the practical questions which may be in hand. To avoid this trouble, we dismiss the limitations as irrelevant—we "think them away"—and then we pretend to argue that they lie outside the boundary of the science which we are thus distorting. This is one temptation, and it is one of wide operation. Any yielding to it would be absolutely fatal to every calculation in the exact sciences, and in all the mechanical applications of them on which our very lives are perpetually depending. It is equally fatal in that still higher sphere of knowledge in which the government of society depends on a right understanding of its fundamental laws.

18. But there is another temptation quite as subtle, and perhaps even more widely damaging at the present moment. It is the temptation to win conviction, and to conciliate opposition when, in advocating some particular law or system, we employ economic arguments which are instinctively felt, or even logically perceived, by other men, to go farther than that particular law or system, and to condemn other laws and systems to which they are specially attached. Our temptation then is to say to such opponents: "We don't go so far as that: we don't push our conclusions to that extent: we don't even hold that our doctrine bears upon that question at all. Economic science gives no verdict whatever upon your favourite policy." Writing or speaking in this spirit, and in order to gain our immediate object of persuasion, we may be induced to resort to all sorts of intellectual quibbles. We may plead that the favourite policy adopted or advocated by those whom we try to win upon some other question, is a policy not really condemned by anything we have to say

—that it belongs to the sphere of "morals"—or to the sphere of "politics"—or to some other sphere which we choose, for the moment at least, to dismiss as irrelevant to economics. And so we may become untrue, in another way, to that vast and noble science on which some of the best hopes of society must depend—narrowing its definitions—cutting down and clipping its subject-matter—rejecting now one, now another, of its most essential data as to facts, and as to their correlated laws—until we have reduced it to a "dismal science" indeed, and to a "shattered science" as regards its credit in the world.

19. To illustrate what is here meant, it may be well to take an actual example, the most recent of a thousand others, and one of the most remarkable in the fatal concessions which it makes for the sake of a temporary advantage. We all know that in our own time the battle of economic science has been chiefly fought round the question of what are called Protective Tariffs. This is only one of the many questions of policy upon which economic science has a special bearing. I do not seek to deny or to detract from the great importance attaching to that question. It is impossible to look at the condition of society in the United States at the present moment, without seeing that it involves moral and social consequences of the most formidable kind. Neither do I wish to compromise or conceal my own opinion that the argument in favour of free trade, or free exchange, between nations as between individuals, is, as a general principle, triumphant all along the line. But it is very far from the "be all," and the "end all," of economic science. Even when considered in itself alone, there are some limitations on its universal applicability, which in general terms, at least, are admitted by the most rigid members of the Cobden school; whilst there are a few of these limitations which I have found specially excepted by the same section of economists. The free and unlimited immigration of destitute aliens is one of them. Yet nothing can be more certain than that the abstract doctrine of free exchange would include free trade in labour itself, as well as in its products. There are some men, indeed, who are free-

traders as regards the products of industry, but who deny the applicability of this doctrine to all the men who can contribute to the production of them. They are disposed to admit, for example, the possible wisdom of the Australian colonists, who have practically prohibited the free importation of Chinese labourers. Yet the Chinese were certainly not paupers, but, on the contrary, men so industrious and handy as to discharge an important function in the community by the skilful prosecution of market-gardening. This prohibition, which professed to be founded on moral grounds, may well be suspected as having been due to the self-protective instincts of the wage-earning classes in Australia. Such is undoubtedly the motive which dictates the impediments put in the way of shipping companies employing Lascars in the Australian trade. But that there are other elements involved in this matter of foreign labour is so undeniable that it must be admitted to be very much of an open question.

20. Let us observe, however, what are the considerations which are admitted to intervene. It is the element of nationality which comes in here: and any true economic science must take cognizance of it as well as of all others. But then, let us also recollect that it was, and still is, this very same element of nationality which lies at the root of all Protective Tariffs. It was this element for example, considered in our national interests as a naval Power, which induced Adam Smith himself to defend the navigation laws as a sacrifice needed in the interests of the national defence. Probably neither Adam Smith nor Ricardo would have extended the same idea of exception to the case of unlimited imports of corn, even if they had foreseen the extent to which the population of these islands would become as dependent as it has now come to be on foreign supplies. What is certain is that they argued largely on the extreme improbability, if not the impossibility, of such a result ever coming to pass. We may now hold to the doctrine in spite of any consequences to which it may have led. We may even contend that the dependence of nations upon each other is not an evil, but a good. We may point out that it has now

largely arisen as a great fact, even in spite of Protective Tariffs, and that it produces indirectly many salutary effects upon the great cause of peace. But it is at least important to observe that, even now, there are exceptions which most men admit; and that import duties, for the sake of revenue, are almost universally exempted from the anathemas of free traders. It ought, I think, also to be admitted that protective imports may sometimes succeed in planting industries—valuable in a national point of view,—where they would have been crushed out at once by exposure to unlimited competition in their infancy, but which, when once established, are able to defy it. The establishment of the beet-sugar cultivation in France appears to be a case in point. It is still, indeed, protected indirectly by the operation of a deduction from export duties, which acts practically as a bounty. But there is good reason to believe that the industry is now so widespread and successful that it could quite well stand alone. Again, I think it ought to be admitted as a fact that there are industries which must be altogether extinguished in particular places by exposure to unlimited competition from without. Moreover, those places may be the whole area of a great country—the home of a whole nation. Free-trade doctrines can say no more than this—that if any nation wishes to prevent such results, it must consent to pay a price more or less heavy for the necessary restrictions. Economic science points out the cost, may prove that it is much greater than it is supposed to be, and may even endeavour to estimate its amount. But it has nothing directly to say on the question whether the cost, however great, ought, or ought not, to be incurred in certain cases. Again, some new facts have arisen in the development of capital, in its application through "rings," "syndicates," and through individuals of great wealth, which open out some new suggestions as to the weapons by which small industries may sometimes be injuriously suppressed, and against which it might possibly be sometimes expedient to protect them on national grounds. For all these reasons the mere policy of abolishing all tariffs or special laws which have any protective effect, important as it is, cannot reasonably be represented as the one all-

engrossing demand of economic science, at the sacrifice of throwing overboard the deeper underlying laws of individual freedom on which the whole of that science depends.

21. Yet this is the very thing that some writers are now doing, under the temptation to which I have referred. We have a remarkable case in point. In the Australian Colonies it is the wage-earning classes that are most Protectionist. And they are disposed to carry the doctrine of Protectionism into its worst extremes,—not so much as regards mere tariffs, but in the full spirit of the Middle Age guilds and other local bodies, as regards every kind and degree of restraint on the freedom of individual men, from which they can see an immediate advantage to themselves. This, at all events, seems to be their tendency and temptation. Now it is in this condition of things that we have a recent book* on economic science written expressly to affect the minds of those classes in Australia and elsewhere, who are most tainted with this spirit, and to whom it is most important that the teaching of economic science should be brought home by the largest and most adequate representation of its fundamental truths. And in this book we do find a very full, a very able, and even a highly ingenious, discussion of the arguments for and against Protective Tariffs. But to that question alone, almost its whole reasoning is directed. And, in order to carry conviction on this one point, not only does the author take some comparatively narrow views on matters of fact and of principle, which lie much deeper, but he is tempted, and yields to the temptation, to compromise and even directly to sacrifice some of the most certain laws on which economic reasoning can be founded as a science. In the author's Preface, he fully explains the temptation under which he writes, saying that his aim has been "to put together a complete and scientific statement of the Free Trade case from the point of view of one who is addressing himself to the voters of a Democratic country."

22. It is impossible not to see in this language that we are face to face with a new danger. The older economists, against

* 'Industrial Freedom,' by B. R. Wise. (Cassell & Co., 1892.)

whom we have all rebelled so much, fell, as we have come to see, into many serious errors. The fragments of their "shattered science" lie all around us. But there is one fault, into which they never fell. They were no respecters of persons or of parties. They did not bow their heads before any "voters." When the early French economists conceived the delusive doctrine that the agricultural labourer was the original producer of all wealth, they were not misled into this conception by any desire to pay court to a class which was politically powerful. On the contrary, the class on whose behalf they made this exaggerated claim was then politically the weakest of the weak. When, on the other hand, they attacked, as Turgot did, the privileges of the guilds, they did not assail a class which was feeble, but, on the contrary, a class which was one of the most powerful in the kingdom. When he and his school attacked the whole principle of exceptional legislation for the protection of innumerable privileged bodies, they planted their batteries, and they levelled their guns of reason and of argument, against the whole spirit and practice of the then existing society in France. And, as is well known, Turgot fell, as a minister, before the powers which he besieged. None of those economists ever dreamed of conciliating opposition by bargaining away any part of the great truths which they taught in exchange with any of the "ocracies," for some fragmentary application of economic truth which might be thus made acceptable to them. All the "ocracies" in France—aristocracy, plutocracy, and democracy—were under the same delusion as to the interest they severally had in maintaining exclusive privileges. The system had permeated society, and had built up around itself a body of doctrine and of interests which blinded almost all men to the most certain truths. Bodies which were popular in their origin, and purported to represent the interests of "labour," were the very head and front of the offending. The economists faced them all. They spoke in the interests of truth, pure and undefiled. This is the only spirit in which any science can be taught, or even, in itself, can be constructed.

23. Then, closely connected with a yielding attitude of mind

towards the majority of "voters in a democratic country," there comes another temptation which is equally compromising to principles which lie at the very root of economic science. This is the temptation to resign, as out of its field of view, whole areas of the world in which many of the conditions of society are wholly different from our own. But nothing can be more erroneous than this doctrine. It is the very business of economic science to trace the permanent laws of our human nature under whatever superficial and artificial coverings they may be comparatively hid. If they have been more than hid, if they have been swathed, manacled, and bound down by customs and laws which thwarted them,—all the more needed and all the more intensely interesting and instructive is the work of tracing the effects which have been thus produced. Nothing can be more thoughtless than the notion that unless the working of the principle of competition, for example, is exhibited in such forms of it as are seen on the stock exchanges of modern Europe, in our auction-rooms, or in the letting of land for market-gardens round our great cities, it is useless to expect to see its operation in countries where no such transactions take place at all. Over a large part of the world the prices of everything are apparently and superficially regulated by what is vaguely called "custom." But let us proceed to ask—what are the influences under which custom itself has been originally established? Then we find ourselves at once in the presence of fundamental facts which are of universal application in all societies of men. Customary prices have undoubtedly arisen everywhere out of the unseen working of competition in primeval forms. Services were rendered and things were made, for returns which satisfied those who so served, or who so made, according to some standard of demand and of expectation which was established among the men who then, and there, lived together. Professor Marshall has some excellent remarks on this subject. "Thus," he says, "the moderate level at which custom fixes the price of a plough-share will be found when analysed to mean that which gives the smith in the long run about an equal remuneration with that of his neighbours who do equally difficult work; or, in other words,

that which under the *régime* of free enterprise, of easy communications, and effective competition, we should call a normal rate of pay."* There is, in this way, a very large element of custom in all prices, even amongst ourselves. It is due to custom, that prices are often maintained in retail trade long after they have ceased to be justified by the conditions of the wholesale market; as in the case at the present moment with the price of meat. Established standards of expectation do largely mould the demands of men, and do practically either stimulate or restrain the sacrifices they are willing to make for the attainment of certain ends.

24. If now we farther ask, how certain customs have actually worked, when they have become stereotyped,—when they have involved, from the beginning, some elements of danger,—and when these have been allowed to operate and to develop during generations, or perhaps centuries, of unwatching acquiescence,—then, indeed, do we find new chapters opened which often throw a light of clear and of terrible illumination on some of the most striking facts of our own time—all over the world. Nothing can be more foolish than the idea that if any human society chooses, or is led, to found institutions, or to contract habits, which take no heed of the laws of nature, then the laws of nature will take no heed of them. Yet this is the idea underlying the doctrine that the teaching of economic science has no application to social conditions the most diverse from our own. We must not apply our economic doctrines—it is sometimes said—to Ireland, or to India, or to Russia, or to other countries where primitive conditions have long survived, and where these conditions render all our reasonings inapplicable or inconclusive. Do they indeed? May we not ask the question, why is it that we had a famine in Ireland forty-five years ago, and why have we a continuous emigration ever since? Why is it that in India we rule over millions on millions of people so poor,—so destitute of all the storages of wealth,—that the failure of one single monsoon causes the utmost distress, and may involve hundreds of thousands in actual starvation? Why is it that during the

* 'Principles,' p. 14.

present year, over a very large area of Central Russia, with a population of thirty-five and a half millions of human beings, living on one of the richest soils in the whole world, we have authentic accounts of increasing poverty, of a declining agriculture, of an impoverished soil in spite of the most wonderful natural fertility—of actual famine, and of the diseases which accompany it? Are all these things inexplicable? Or are they not, on the contrary, all the result of causes which it is the business of economic science to trace and to identify? Is there no instruction in observing that in all these cases, differing as they do in many details of circumstance, there has been one common feature, namely, the organisation of the agricultural system in communal habits and customs of cultivation? The "Townland" in Ireland, the "Aryan village" in India, the "Mir" in Russia—these were in each case the basis of rural society. Is there no instruction in remembering the fact to which Professor Marshall alludes in a pregnant passage,—that all over Europe similar systems prevailed during the long ages when agriculture was stagnant; and that contemporaneously with its gradual abandonment agricultural production began to be inspired with a new life, and to be more and more competent to support in comfort an increasing population? Is there no instruction in observing that in exact proportion to the completeness and stringency of development in this communal system, the calamities of those who are subject to it are aggravated in a like degree? Is there no instruction in learning from the excellent and striking Report from our own Embassy in Russia, that in the afflicted area the communal system has long reached its utmost development, so that no man can dispose even of his own person or property as he pleases—so that every man of any unusual intelligence is kept down to the low common level by the organised and legalised stupidity and inertia of those whom Carlyle calls the "plurality of blockheads" around him? Is there no instruction in finding that individual superiority, when it is thus prevented by bad institutions from finding embodiment in the relation of full ownership on the part of

men who have a permanent interest in the soil, finds embodiment, as if for revenge, in the usurer who has no such permanent interest, and who acts accordingly? Is it without instruction that we find a perfect parallelism between this least beneficent of all the forms which capital can assume, —the form of the village usurer—as that form is developed in the "Gombeen man" in Ireland, the "Mahajan" in India, and the "Koulat" in Russia? Is it without instruction that we learn from the same official authority, that the German colonists in Russia were industrious, energetic, and prosperous, so long as they were allowed to keep to their own system of individual holdings, and that since they have been compelled to adopt the communal system of the Russian Mir, they have fallen into the same conditions of indigence as their Russian neighbours? Last, and perhaps not least, is it not full of significance that we learn, farther, that the long prevalence of the system of the Mir in Russia has gathered around it such a network of confused thought, that there are even some political economists in that country whose eyes cannot be opened to its disastrous effects, and who defend it on the ground that it represents such an universal system of "local government" as has nowhere else survived? Is it a joke, or a mere mistake, or is it not rather a true suggestion, that the Russian Mir under which we are told that all "ambition and initiative in the individual are crushed out, and hope of betterment to be gained by personal exertion, is extinguished"—that all this is the model system of local self-government which Russia's western neighbours "are seeking to establish"?* These are questions—and a thousand others might be asked—which must bring home to us the fact that the doctrines of economic science, in so far as they are really sound and true, are doctrines of universal application, and that we cannot betray its interests more completely than by yielding to the temptation of confining its application to the circumstances of our own time and country.

25. The aim of recommending the truths of economic science

* Foreign Office Paper, 1892, No. 254, pp. 12, 13.

"to the voters in a democratic country" is in itself an aim so wise and so important that any serious mistakes made in the endeavour to attain it, must be liable to have a very wide significance. And as the object of the preceding chapters has been to point out the effects which have actually resulted from rejecting or neglecting essential elements in economic reasoning, I cannot do better than close them by directing some further attention to so remarkable an illustration of a new danger in the same direction.

26. It must be obvious that as the element of nationality has been, and still is, the element which admittedly may disturb the economic doctrine of Free Exchange in some, at least, of its practical applications, so this disturbing element may be pleaded and pushed to such consequences and applications, as to break down the whole structure of economic reasoning. We have only to split up the unit of a national society into the lesser units of provinces, municipalities, village communities, parishes, and incorporated trades—and then the destructive work is done. If the separate and special interests of each of these are to be regarded as demanding special and exceptional treatment, and if these smaller units are not to be dealt with as mere parts of one organic whole, then the policy of Protectionism will be revived in some of its very worst, and now most generally abandoned, forms.

27. And even more destructive than this may be the effect of cutting down to the very root of all economic truth, by forgetting the facts of nature respecting the only real unit which exists in the system of things in which we live ; that unit, namely, which exists in the personality of man,—in the individual heart, and brain, and will. The temptation is a bad one to say to the wage-earning classes : "Adopt our doctrine about free imports except for revenue ; abolish as the one great vice, and as the sum of all economic sin, the slightest taint of customs-dues which have any protective effect on any local or national industry ; and if you do this, you may do anything else you like on all the so-called socialistic questions of the day." Such language as this can never lead to any success in the

teaching of economic laws. Free imports are but a small part of their teaching. It is the principle governing all claims to freedom that constitutes their immense subject-matter. All systematic knowledge—and this is the only definition of science—must be based on certain primary facts, or on certain primary postulates and axioms about facts which are self-evidently true. But all the primary facts of economic science are to be found in the personality of man. This is the truth which underlies the doctrine somewhat loosely and ambiguously expressed by Professor Jevons as having been taught by Mill, Cairnes, and other writers, when he says of economic science that "its ultimate laws are known to us immediately by intuition." * We have seen what a poor use even so able a writer as Jevons made of the great element of truth which this doctrine does unquestionably contain. It is a sound doctrine only when understood, in a general sense, as referring us to the personality of the individual man as the principal agency with which we have to deal. In that personality lie all the primary motive forces with which we have to do. All the energies of our nature, in its relations with the external world, are rooted there. All the upward and all the downward tendencies are there, lying, as it were, side by side. Out of it come all the suggestions of thought,—all the promptings of desire,—all the steps of reason —all the movements of conscience. Out of it come all the activities of body and of mind, each taking its appropriate direction and occupying its own separate field of work. In no other quarter can we possibly find, or even look for, any facts which are constant or of universal value. In the human personality we do find such facts, and in this alone. Man is man wherever he is found, with the same rudimentary characteristics as in ourselves. He is nature's unit. The grouping of these units has arisen in many different ways, and has affected them in very different degrees. The grouping of blood relationship, doubtless, was the first. But if family affections and brotherhood began the process of grouping, assuredly intertribal jealousy, enmity, and hatred, have had quite as conspicuous a part in carrying the process on to its actual results. And now

* 'Theory of Political Economy,' Introduction, p. 18.

we see the units grouped universally into nations—chiefly by war and conquest, or into some larger groups by religion, into smaller groups by special pursuits, such as professions and trades. But everywhere, at all times, and through every change of grouping and of circumstance, certain facts and laws of our human nature remain unchanged ; and it is the unchangeableness of these which alone enables us even to hope for any true social or economic science being founded on observation and on reason.

28. For let us recollect that this unchangeableness is not of a kind that prevents change in another sense. On the contrary, it is an unchangeableness which lends itself to Purpose, as the flexible ally of reason and of conscience. The profoundest changes, indeed, which have ever arisen in the world, have been due to the influence of individual men, by the commanding power of superior genius or of superior virtue, or of both. And this is no exception. It is rather the rule, being only the natural and inevitable effects of the great variety of powers with which the individual units are endowed. It is true, indeed, that it is a variety in unity. But, nevertheless, it is a variety in dynamic power, and in functional activity, which is practically immeasurable in its effects. Nothing even in the nature of economic science can possibly be founded which does not take this fundamental fact of nature into full account. Any neglect of it, and still more any denial of it, will equally vitiate our conceptions even in morals and religion.

29. Now this is the very fact which the new Australian free-trader is not only willing to let go, but is tempted to deny even to the extent of the affirmation of its opposite. It has been said of the older economists, against whom there has arisen such a wide and just revolt, that their teaching was formed on an artificial Being called "The Economic Man." But unless we take care, the newer schools will fall into the like error, in a form which is even worse. It is not true to say—as this Australian author says—that any science can be founded on "assumptions." Every science must be founded on proved or admitted facts, and on axioms which must be absolutely true. The facts must be ascertained

by observation. The axioms must be recognised by reason. But if it is a vicious process to found any science on assumptions which are not proved, and which very often are not even defined, it must be still worse to attempt to found a science on assumptions which are demonstrably erroneous. Yet this is what our author has done in his efforts to conciliate opinion on one question which is comparatively of small importance by sacrificing essential principles of the most certain truth, and of the widest application. For this writer goes the length of saying that economic science is founded on two assumptions, one of which is an equality in the units which are concerned in the transactions of free exchange. Nothing can be more emphatic than the words in which this doctrine is laid down :— "The competition which political economy assumes to be ever active—a competition, the existence of which alone gives political economy a claim to be regarded as a science—is a competition of equal units." * If this were true, it is not too much to say that the pretensions of economic science would be imposture. A science founded on "assumptions" so vague, and in all obvious senses so untrue to fact as this, would be no science at all. Nothing can be more certain than that the units of every society of men are never equal—never perfectly equal in mental power, seldom equal in the opportunities of use, still more seldom, perhaps, equal in the capacities for turning even equal opportunities to the best advantage.

30. Economic science does not depend on any assumptions of any kind. Like every other science, it is founded on observed facts seen in their true relations. It ought to take cognizance of every fact; and if its doctrines are so vaguely conceived, or so badly generalised, as to omit any essential facts, then its teaching may be, as it has often actually been, vitiated altogether. The only fact as regards the relative position of the units of society which economic science does necessarily assume, is a fact which is also necessarily true. That fact is, that in every transaction of exchange, each of the two parties who engage in it, is, and must be, wanting in something which the other possesses. This, of necessity, involves

* 'Industrial Freedom,' p. 100.

and implies, in all cases, some special form or circumstance of inequality, and, in a thousand cases, it must involve an inequality of Possession concerning the most absolute needs and necessities of life. As regards these necessities, there can, for example, be no equality between the comparatively few persons in a great city who, being the only dealers in flour, are in possession of all the stores of that necessity of life, and the thousands of hungry men and women who depend on it from day to day. Inequality of some kind is an universal fact, and inequality in the most imperative forms is so extremely common as to be really the normal condition of affairs. Instead, therefore, of economic science being a science founded on any "assumption" so irrational as an equality in the exchanging units of society, it is, on the contrary, a science which in its very nature contemplates, as an universal fact, the existence of "differential advantages" between those units—inequalities, immense in number and infinite in degree.

31. The only possible sense in which economic science postulates equality in the exchanging units of society, is the sense in which it postulates that economic laws are not wholly suspended by domestic violence or foreign war. It postulates that personal freedom is suffered to exist. It postulates that each human unit shall be equally protected by the law in the enjoyment and in the employment of that which is legally its own. It presupposes—as all reasoning on the conduct of men must presuppose—that they are not under physical compulsion. But it does not presuppose that they can act otherwise than under the influence of motives. Neither does it assume the false postulate that these motives must be light in the pressure they exert, or that they may not exert the most stringent power. On the contrary, it assumes the constancy of definite and ascertainable motives, whether weak, or powerful, or even insuperable, as the necessary condition of all its reasoning. But this postulate, so far from implying equality in any other sense, is a postulate which lays deep and broad the foundation for every kind and every degree of inequality which is the natural, necessary, and legitimate result of diverse, various, and unequal gifts.

32. It is surely a self-evident truth that the equally free exercise of originally unequal powers can never end in a dead-level of results. The great Thinker and Poet whom we have lately lost, has told us that "Faith and unfaith can ne'er be equal powers." Neither can Thrift and unthrift be equal powers; nor "Eyes and no-eyes"—nor quickness and slowness of either heart or head. And as all these original inequalities obviously and notoriously exist between the personal or economic units of society, the doctrine laid down by the Australian economist is contradicted by all the facts of nature and of human life. If believed in, and acted upon, the doctrine would be most disastrous. It would fill society with bitter and irremediable discontent. It would justify the breach of a thousand contracts in every transaction of life, and on the most frivolous pretexts. The idea is indeed anarchic. The temptation which has led our author into it is quite apparent. It comes out in all its nakedness when he proceeds to illustrate his doctrine by an actual application. He wants to persuade the wage-earning classes in the colonies to consent to the abolition of Protective Tariffs. It becomes, therefore, his object to show that their immediate personal interests are not concerned. Directly, and visibly, they are not importers. They are dealers in retail and not wholesale. Hence evidently arises the idea in this writer's mind—Can they be persuaded to give up protective duties on wholesale imports, by teaching them a doctrine which is specially applicable to those duties, but can be represented as not applying to the retail trade in which they are most immediately interested? Can they be bribed to abolish Protective Tariffs by a doctrine which will leave them free to interfere with freedom of exchange in all the daily transactions of life inside the colony itself? Accordingly, we find this motive indicated in a significant passage which points out that, at least in the wholesale trades, there is, approximately, a real and substantial equality amongst those who engage in it. His words are—"This assumption (of equality) is true, for all practical purposes, as regards the competition of wholesale traders."* By direct

* 'Industrial Freedom,' p. 101.

implication it is here intimated that the necessary conditions of equality do not exist even for "practical purposes" in retail trade. Therefore the doctrines of Free Exchange can, as regards wholesale imports, be driven home; whilst nothing need be said—and nothing condemnatory, it is implied, can be said—by economic science against a return to the wildest excesses of interference with industrial freedom, in retail dealings, such as marked the economic legislation of the Middle and pre-scientific ages. Yet this is a writer who complains of, and deplores, the fact that economic science is making no advance in the world, but rather seems to be yielding ground. And well indeed it may—if our battle on its behalf is to be fought by such absolute surrenders of its profoundest truths.

33. Even as regards the restricted purpose which this writer has in view—the purpose, namely, of supporting the cause of Free Tariffs—the surrender he makes, on this cardinal doctrine, is of fatal tendency. The plea of inequality, between the two parties dealing in transactions of exchange, has always been the stronghold of the Protectionist argument. And it always can be advanced, with more or less truth, in all cases. Inequality of some kind between dealers is not the exception, but the universal rule: and inequalities of a kind—and in a degree which often, under some conditions, leave but little choice to those who are affected by them—can almost always be pleaded, as seems to be confessed, in all the vast transactions which the work of retail distribution involves in every society. Under this plea, therefore, the regulation of retail prices in anything or everything might be again assumed as a regular function of the State, or of the Municipality, or of the province, or of the trade combination. To represent economic reasoning as having nothing to say against the wildest follies of legislative interference in all these transactions, is to deny its very existence as a science, or, at least, to deprive it of all value in deciding the most urgent questions now demanding, above all things, its help.

34. It may be quite true, and it is true, that there are many questions of policy which cannot be absolutely determined

one way or another, by the mere doctrine of Free Exchange, taken alone. It may be also quite true, and it is true, that some proposals which are rashly stigmatised as "socialistic," are capable of being successfully defended on principles against which the doctrine of Free Trade has nothing relevant, or at least nothing decisive, to say. But Economic Science, if it is to be anything worthy of the name, is a great deal larger and wider than the mere doctrines of Free Exchange. These doctrines do indeed constitute a very important branch of its practical applications. But they do not, and cannot stand alone. Economic science takes note of all the facts relevant to the constitution of society, and is not confined to one group of them alone. It takes special note of all such facts and principles, for example, as those which led to the Factory Acts. It is a delusion that there was anything in the principle of that legislation which was necessarily opposed to any true law of economic science. The truth is that the arguments in its favour were, to a large extent, strictly economic even in the narrowest interpretation of that much-abused word. Productive machines cannot remain productive if they are damaged. But men and women are productive machines, even if they be nothing more. If they are seriously damaged in their structure and organic strength, when very young, they will be comparatively useless to the community, and may be a burden on it as well as a danger to it. It was a public loss and a public danger that a whole generation should be brought up under conditions which made children so weak and rickety, that their arms and legs became as crooked as the letters of the alphabet. This is the description given to me by Lord Shaftesbury of what he saw in factory children when standing in a row—before the protecting Acts came into operation. It is a mere perversion of economic science to pretend that it can take no heed of such facts, or of the arguments which recommended and dictated a legislative remedy. True economic science ought to have no neglected elements. It concerns itself with all causes that produce economic effects.

35. Nor is it true that any special remedies which the truest economic science may sanction for special evils, are there-

fore sanctioned by it when extended beyond the need. In economics and in all political philosophy, we must never forget that the limitations under which any abstract principle can be safely and legitimately applied, are to be regarded as essential parts of the principle itself. It does not follow, for example, that because Society as a whole has a right to legislate for the public health—to enforce the practice of vaccination or attention to effective drainage in houses—it must therefore have a right also to dictate any man's diet, or to prescribe any man's medicines. There is a limit to its rights as well as to its powers, however indefinite that limit may be. It will be liable to be pulled up roughly, and under terrible penalties, when it transgresses seriously.

36. We cannot, however, assert too broadly the wide scope of that great branch of knowledge which deals with the ultimate laws that govern the great Human Household in which we live. Those laws touch on everything concerning it. Economic science takes note of war, as we have seen, in its historical methods of enquiry and in its imperative demand for security of Possession. It takes note of religion, and of morals, in their powerful—sometimes their overwhelming—effects on the economic conditions of society. It takes note, among the very foremost of its concerns, of law and of jurisprudence, as the groundwork of all security for personal freedom,—for the defence of rights, for the enforcement of obligations, and for the upholding of that confidence which is an indispensable necessity in the pursuits of industry. It is therefore one of the most grievous and dangerous errors into which any writer can fall, in framing "a complete and scientific statement" even of the Free Trade case, to disparage the larger bearings of the science of which that case is only one special application, by surrendering or compromising its nobler claims. If we are to persuade the wage-earning classes of any truth, we must deal with them as reasoning and reasonable men. We must not fling baits to them by telling them that if they adopt and act on some one truth of which we may be the special advocates, we shall be silent on any reasoning which may restrain them from the fullest licence to do any amount of violence they like

to other truths which may lie far deeper. Not by any such process as this can we ever reach their convictions. Their dislike of political economy, as it has been too often taught, has been not only natural but largely justified. Political economy has too often been made, in very truth, a bad as well as a "dismal science." But in its real nature it is not so. On the contrary, it is the most vast, the most various, the most interesting of all the subjects of human enquiry. What we have got to do in its interests,—which are the highest interests of human society,—is, on the one hand, to give up the pedantic pretension to the precise and formal propositions, which mimic those attainable in the exact sciences; but, on the other hand, to assert its cognizance of all the facts and laws of our human nature on which the structure of human society must repose. Acknowledging how much we have yet to learn on the complicated bearing of those facts and laws upon the outward circumstances of our political and social condition,—we have to hold fast to that one fundamental conception of all science, that in the constitution of man, quite as much as in the constitution of the external world, we are in the constant presence of, and have to deal with, natural laws in the strictest sense of the expression—that is to say, laws deeply seated in the very nature of things,—laws which can be traced, ascertained, and defined,—laws which can indeed be yoked to our service, but which cannot be neglected or defied. Above all we have to cherish and maintain that noble faith in the truthfulness of the Divine government over the whole system of things we live in, which has been so amply rewarded, even when it was unconscious, in the sphere of physics,—even that faith which assures us that the laws of nature do really work together for good to all who sincerely seek to know them, who are faithful to them, and who yoke them to their appointed use. This inspiring faith puts an end to the paralysis of Pessimism on the one hand, whilst it is at the same time as far as possible removed from an idle Optimism on the other. It is awake to the tremendous difficulties in our way arising out of the number and complication of the laws to be reckoned with; and it is especially alive to the fact that a perennial

fountain of human corruption is among the most powerful of them all. But always in our science the grand conclusion is in sight—a conclusion reached by the purest and strictest logical process—that the real welfare of everybody is bound up with the real welfare of everybody else—if only we estimate aright wherein that real welfare consists, what are its necessary limits, and the means whereby alone it can be attained.

# INDEX.



## A.

ABILA, illustrations from, 150–153.
Abraham, migration of, 110.
Abstract words, 2, 9, 79; reasoning, 499; *vide* under Value, Wealth, etc.
Abstractions, compared, 3; need of, 8, 20; use of, 9, *et passim*.
Accessibility, relation of, 87.
Africa, rivalry for dominion over, 208.
Agriculture, the earliest, 107; communal, 572.
Alluvium of Nile, of Tigris and Euphrates—a contrast, 180.
Anderson, Dr. James, and the "Theory of Rent," 284; career of, 329; works of, 329–331; on the price of land, 331; of its produce, 332; on rent and produce, 332 *seqq*.
Animals, domestication of, 101, 105.
Ashantee, customs of, 116, 206.
Assumption, gratuitous, 103; founded on science, safe, 109, 576.
Assyrian Monarchy, 141 *seqq*.; lessons from the, 145.
Australia and Protective Tariffs, 568.
Australian author on Assumptions, 576.
Axioms, mathematical and economic, 18.

## B.

BABYLONIAN Monarchy, the, 141; lessons from, 145.
Benevolence, its duties and limits, 562.
Bengal, Lower, wealth of, 417.
Bentham, dream of, 186; on natural laws, 187, 463, 555; on security, 466, 467, 521.



Bible references: on wealth and well-being, 43; on the word "thing," 45; on "land," 72; on exclusive use, 107, 159; on conquest, 131, 183; on national possession, 132; on individual ownership, 132; on entails, 137; on reiving, 153; on watering, 181; on aloofness from secular politics, 216; on inequality of gifts, 369; on wrong and robbery, 403; on harvest, 421; on "wages," 428; on "profit," 428; on freedom of gift, 553; on fit union, 559; on giving and receiving, 562.

## C.

Campion on the Digest and Brehons, 242; on Latin in Ireland, 251.
Capital, 71; what it is, 72; by metaphor, 73; literally, 73; a consequence of, 75; a product of mind, 75; a representation, 77; one with Labour, 78; as an abstract word, 92; stored wealth, 96; the use of, 106; inadequacy of the word, 461; substitutes, 462, 463; the sensitiveness of, 466, 497.
Category—of desires, 454; of conceptions and inventiveness, 454; illustrated, 455, 456.
Causation, Author on, 88.
Celtic Feudalism—Ireland, 224, 230; church, 231; monks and their writings, 233; manners, 234; raids, 235; long freedom, 238, 241; charters, 239; adages, 241; Norman invasion, 242; Henry VIII., 245; Elizabeth, 247 the work of these, 247–251.

CEREALS.

Cereals, the development of, 101.
Christian Church and Economic Causes, the, 215 *seqq.*
Civilisation, built on conquest, 206; on what it depends, 229.
Classification, irrational, 83.
Cobden on cheapness of food, 483.
Combination, 488; purpose of, 493.
Conceiver, a suggestion, 483.
Conceptions, nature of, 27.
Chicago and its growth, 529.
Consumer, the, a cause, 88; influence of, 90; and Acts of Parliament, 501.
Creatures, specialised, 103.
Credit, 376.
Crispi, Signor, on armaments, 207, 208.
Cultivation, origin of, 105; primeval, 107; meaning of, 304; "margin" of, 309.
Custom, 570.
Customs, 102; of Dahomey and Ashantee, 116, 206.
Cycle, the old, nature and renewal of the, 200; death of the, 201.
Cunningham on fixing prices, 550.

D.

Dahomey, customs of, 116, 206.
Darwin, Charles, on the wild birds in the Galapagos Islands, 103; Author on, 109.
Davies, Sir John, on the Pope's gift of Ireland, 242; on building in Ireland, 251; on Irish usages, 253, 254; on Irish submission, 255.
Deductions, safe, 100; conjectural, 101.
Definition, a, 34-65; no attempt at, by Adam Smith, 34; Author's suggestion of one, 35 *seqq.* (*vide* Wealth, power of, 65 *seqq.*); of land and labour, 72; of capital, 73; of productive labour, 81; a bad, a source of fallacy, 84. *Vide* Fund, Value, etc.
Demand, nature and origin of, 431; effect on wages, 441.
Design, 458.
Differential Advantages, 444, 447.
Diminishing Returns, law of, 23.
Dispersion, centres of, 109.

FORMULÆ.

Dispossession, 194–223; through race incursions, 194; Scythian, 194; Visigoth, 195; Gothic, etc., 196; not possible now, 195.
Dissipation of energy, law of the, 22.
Distribution, 87, 550; a branch of production, 457.
Domestication, origin of, 101, 105.

E.

Ecclesiastics as lawyers, 220.
Economic causes, 104; "the economic man," 576.
Economics, no new science, 5; and mathematics, 18; and ethics, 62; misrepresented, 67 *seqq.*, 577; real scope of, 98; a change in, 156; founders of the science of, 468; real teaching and nature of, 490, 491; as to earned and unearned, 460; its claims, 557, 559, 560; and communal system, 572.
Economists, the French, 83, 175, 468; the business of, 551.
Effective demand, 58, 429, 504.
Egypt and individual possession, 177.
Eight hours' law, 503.
Enumeration, a deceptive, 73.
Equality postulated, 578.
Esdras, legend from, 168.
Eskimo, the, 100, 129.
Evolution, a specimen of, 382–420.

F.

Fallacy, in reasoning, 10; the master, 76–83; Adam Smith's, 89; how to attack a, 295; old and new, 549.
Fawcett, Jevons on, 2; on productive labour, 84; on causation, 88; on rent, 312.
Feudal system, the, 205 *seqq.*; and Roman Law, 210; Freeman on, 212; Hallam on, 213; Teutonic and Celtic, 224, 230; three aspects of, 227.
Food, cheapness of, 483.
Formulæ as helps and hindrances, 79.

FREE.

Free exchange, 580.
Freeman, Professor, on the feudal system, 212; on the Norman race, 242.
French economists, the, 83, 175, 468.
Fustel, M., on communal ownership, 276.

G.

GEORGE, Mr. Henry, definition of wealth, 69; 'Progress and Poverty,' 385; examined, 387–393; 'Social Problems' examined, 393–420.
Gibbon, on arbitrary power, 202; on waste land, 203.
Gift, man's only free, 126.
Gold, expressive of value, 49, 157.
Grazing, early, 107.

H.

HALLAM on the feudal system, 213.
Hebrews, the, and Palestine, 130; illustrate the great natural law, 130–134.
Henry II. and Ireland, 241.
Hire of land, 305–307, 370.
Historical method, the, 32, 147, 207, 551.
History, the limits of, 110.
Horse, the, 102, 103.
Human race, state of the primeval, 98, 99, *et passim;* beings as productive machines, 581.
Hunting, the earliest source of subsistence, 108.

I.

IMPOSSIBILITIES, 526.
India, hill and forest tribes of, 107.
Individual freedom, 541–544, 551 *seqq.*
Individual men, influence of, 576.
Individual possession, 134 *seqq.* *Vide* Possession.
Industries, the new, 514.
Inequalities of men, 112; the chief one, 113; illustrated, 114–124.
Ingram, Professor, on economics, 3, 28; on rent, 287.
Instincts, the first of the higher, 104; of territorial possession, 111.

LAW.

Interchange, law of, 431.
Invention at the present time, 515.
Ireland under the tenures of Henry II., 252–262.
Irish famines, 480–486.

J.

JEVONS, Professor, a leader of *the* revolt, 2; on economics and the old teachers, 2, 12; error of, 13; axioms of, 14; "final utility" of, 23; on justice, 29; on the historic method, 32, 147; on labour, 75; on value, 82; on rent, 319; formula of, 319; on price, 342; on hire of land, 364; on wages, 366, 367; on intuition, 575.
Joseph and his action, 177.
Jurisprudence, Roman, 183–193; and utility, 185; and Christ's teaching, 191; survival of, 203; Gibbon on, 203; best element in, 219; chief result of, 223.
Jus and Lex, 229.
Jus Gentium, 225; Naturæ, 225.
Justinian, reign and laws of, 204.

L.

LABOUR:—as a commodity, 70; what it is, 71 *seqq.*; capital one with, 78; productive and unproductive, 80 *seqq.*; reaction of, 81, 82;=the mind of man, 96; decrease of rural, 507, 525; not distasteful, 511, 512; and its results, 512, 513; individual and freedom, 513, *et passim.*
Land, 71; what is, 72; things, 96; poor, 303, *et passim.*
Land, Labour, and Capital, as an enumeration, 73, 74; an amended version of, 79; got rid of, 96; not lettable, 309.
Land Act of 1881, 520–524.
Language and thought, 19, 30.
Laveleye on rural communities, 507.
Law, International, 225; of Nations and Jus Gentium, 225; Brehon, 253.

LAW.

"Law in Politics," 382. *Vide* Jurisprudence.
Layard, Sir H. A., on Persia, 171.
Laziness, a wrong conception of, 511.
Leroy-Beaulieu, P., on the wages fund theory, 424; on progress, 515.
Leslie, Mr. Cliffe, on the Ricardian system, 3.
Lex, Jus and, 229.
Life, occupations of pre-historic, 101; influence of domestic animals on human, 102.
Limited liability, 555–557.
Living on others, 562.
Llama, the, 102.
London, its growth and food, 527.
Longstaff, G. B., on the movement of population, 506; on the growth of cities, 510.
Lot, migration of, 110.
Lumholtz, Carl, on the tribes in Queensland, 111.

M.

MACAULAY on Sir John McLeod, 91.
Maine, Sir Henry, on territorial possession, 224, 227; on Jus Naturæ, 225; on the feudal system, 226.
Mallet, Sir Louis, on value, 25.
Malthus on Population, 394, 474–476, 481, 485.
Man, advent of, 102 *seqq.*; inheritance of, 103; condition of primeval, 104; in hostility, 109; inequalities of, 112 *seqq.*
Manual labour, payment of, 432.
Marshall, Professor, on the older economists, 5, 6; on the use of terms, 23; definition of wealth, 41; on collective ownership, 277; on rent, 287, 288, 293, 309, 310, 316, 363; on the "Margin of Cultivation," 309; on cost of cultivation, 321; on surplus, 322, 447; on cost of production, 353, 374; on the Wages Fund, 427, 435, 436; on the estimate of value, 446; on "stream" for "fund," 453; on security, 464; on combinations, 488; on efficient

NONSENSE.

labour, 489; on the world's history, 490; on free industry and free enterprise, 498; on the Poor Law, 551; on problems, 558; on rate of pay, 570.
Material, raw, 83.
Matter, the servant of mind, 77.
Max Müller, Professor, on language and thought, 19.
McCulloch on Adam Smith, 89, 287, 318, 322; on Ricardo's doctrine of rent, 287.
McLeod, Sir John, on economics, 91.
Mental phenomena, 18.
Mesopotamian nations, the, and their lesson, 138–146.
Métayer system, the, 288.
Mexicans and Spaniards, the, 118; deductions, 120.
Middle Ages, the, 196.
Middleman, the, 350.
Military, compulsory service, 146; organisation, 209.
Mill, James, Jevons on, 2.
Mill, John Stuart, Jevons on, 2; on man's nature, 63; on rent, 343, 353, 363; on the Wages Fund, 423, 427; "unearned increment" of, 444, 445, 446.
Mind *v.* Labour, 75; the *primum mobile*, 77.
Mind, matter, and opportunity, 79, 472.
Monopoly, its meaning and effects, 530–538.
Montalembert on Ireland, 233–235.
Motives, 561.
Municipal system, the old, 530, 533, 538; the new, 538–545; and corruption, 544, 548.

N.

NATIONALITY and tariffs, 566.
Neglected elements, 561.
New York, corruption in, 400.
Newenham on the population of Ireland, 1804, 482.
Nicholson, Professor, on Ricardo, 3 on his theory of rent, 287.
"Nonsense" chapter, a, 382.

NORSE.
Norse incursion, a, 198.
Northern nations and the new tenure, the, 213.

O.

OVERSTONE, Lord, on limited liability, 555.
Ownership, 226, 269; collective, 277.
Ox, the, 102.

P.

PARCEL POST, its effect on trade, 526.
Parliaments and the wage-earning classes, 549.
Peace, the source of, 101.
Pennant on the Hebrides, 279.
Personality of man, its value, 574 *seqq.*
Peruvians and Spaniards, the, 121.
Phear, Sir J., on the 'Mahājan,' 416.
Plantation centuries, the, 194–223; time of, 198; in England, 214.
Plants, wild, 102; cultivable, 103.
"Pons Asinorum" of Political Economy, the, 389.
Poor Laws, the old English, 542, 560.
Population, movement of, 505–525.
Possession, in the definition of wealth, 39, 40 *seqq.*; neglect by economists of, 41, 63; beginnings of, 41, 95; sources of, 98 *seqq.*; in our race's infancy, 98; territorial, 99; through culture and domestication, 101; the parent of peace and security, 101; savage ideas of, 104; sense of rightful, and its inclusives, 104–108; right of exclusive use, 101–111; progress of, 125–161, 365; through exclusive use, 125; defence, 125; energies, 126; one consequence of, 126; individual, 134; illustrated from Italy, 135; from Judah, 136; from Western Asia, 138 *seqq.*; instances of secure, 150 *seqq.*; Egypt, 177; through arms and rights, 156; under Rome, 183; insecure under the ancient monarchies, 164–167; in Turkey and Persia, 167; re-established, 224 *seqq.*; under new tenures: Ireland, 252–262; Scotland, 262–283.
Prendergast on the Anglo-Normans in

RENT.
Ireland, 242; on its freedom from the Romans and feudalism, 243; on "coshering," 244; on the "Irish enemy," 256.
Pressure, 93, 94.
*Primum mobile*, the, 7.
Process, the evolutionary, 102.
Product, the most valuable, 89.
Production, influence on, 90; and consumption, 91, 92, *et passim*.
'Progress and Poverty,' 69, 385; land ownership in, 387; pivot of, 388; corollaries to Ricardo's theory, 389.
Protective Tariffs, 563, 579.
Purchase and hire, 305–307.

Q.

QUEENSLAND, wild tribes of, 111.
Quesney and his followers, 92.
Questions on wealth, Author's, 97.

R.

RACE, our, influence of, 98–100; longevity of, 101; pure assumption as to, 101; the "grey fathers" of, 102; origin of, 109.
Reaping machines, effect of, 516.
Reindeer, the, 102.
Rent, "Ricardo's" theory of, 284 *seqq.* A.: Dr. Anderson on, 284; attacks on and defence of, 285–288; from a fresh point of view, 288; meaning of, 289; why a special, 290; buying and hiring, 293; attacking fallacies, 295; Ricardo's division of, 297; blunders therein, 297, 298; invented facts, 299; perversion of Adam Smith, 299; rentless yet cultivated land, 301–304; purchase and hire, 305–307; no lettable value, 309; Marshall's excuse, 309–311; Fawcett on, 312; a quantitative definition, 312; meaning of "determine," 313–316, 319; master fallacy of, 316; start of, 317; Jevons's formula, 319; surplus, 320–322; McCulloch's absurd conclusion, 322–324; significance of this discussion, 324, 325.

RENT.

B.: Passes into value, 326 *seqq.*; gross sophistry of, 326; downward steps, 326; value "determined," 326; Ricardo's axiom, 327; Dr. Anderson on, 331–338; a desperate fallacy, 338–342; Jevons's surprise, 342; central idea of, 343; Ricardo's "regulated by," 344-352; Author's experience, 348; destructive criticism, 353; by Mill, 353–355; "Commercial system," 355; Ricardo against protection, 358; his wrong reasoning, 358; Adam Smith near the truth, 360; what rent has come to be, 361.

Rentless land, 301–304.

Rents, modern, 165.

Revolt, the, its nature, leaders, and issue, 1 *seqq.*

Ricardo, strictures on, 1 *seqq.*, *vide* Rent; Wages Fund, Henry George and, 388 *seqq.*

Richey, Professor, on Irish battles, 246; on Philip II., 248; on Henry VIII., 249; on the tribal system, 250; on Irish retrogression, 255; on plantation, 257, 262; on Irish exactions, 261.

Rights and wealth, 157–161.

Robertson on worship, 122.

Rogers, Professor, on the older economists, 1.

Roman law on things, 45. *Vide* Jurisprudence.

Rome's Rise and Fall, 187.

Rundale and Runrig, 271.

Russia and famine, 279, 572.

S.

SAVAGES, struggle for existence, 105.

Saving, first idea of, 105.

Science, meaning of, 563.

Scotland under new tenures, 262–283.

Security, the source of, 101; of supreme importance, 458; Bentham, etc., on, 463.

Selection, natural, 93.

Sensitiveness of capital, 466, 497.

Servants, domestic, 87, 88.

THINGS.

Settlement, territorial, 226.

Smith, Adam, on sophisms, 31, 315; on wealth, 34; vague in analysis, 67; on free trade, 83 *seqq.*; fallacies of, 85; on poor land and rent, 299–308; on regulation of price, 350; and the commercial system, 355; and protection, 356, 357; on rent, 360, 361; on division of labour, 563.

"Social Problems," 393; pessimist views, 393; pressure on subsistence, 394; exclusion in California, 396; land-ownership, 398, 399; questions, 399; answers, 400; corruption, 400–404; repudiation and spoliation, 404–406; an instance, 409; methods, 410; assumptions, 412–415; one refuted, 415; conclusion, 419.

Society, threshold of settled, 101; a supreme personality, 374–376; an organism, 459; present, fluctuating, 506 *seqq.*

Sources of wealth, 452. *Vide* Wealth.

Species, the human, 109.

Speculative fallacies, the development of, 363–381; hire of land, 370; "Capital Letters," 373; "producer's profit," 373; hire of men, 377.

Spencer, Herbert, on war, 206.

Spenser on the Irish, 255.

State in relation to labour, the, 75.

Stokes on Irish land-owners, 259; on plundering, 260.

Stone-breaking, 78.

Storage, 105.

Surplus, 320, *et passim.*

Survival of the fittest, 103.

Syria, its possibilities, 181.

Systems, speculative, 93.

T.

TACITUS on the Teutons, 201.

Tariffs, protective, 565.

Tea in Scotland, 508.

Technical language, 20; terms, 95.

Tennyson on warless men, 113; on faith and unfaith, 579.

Things, Roman law on, 45; definition of, 48; and gold coin, 49; =land, 96.

TRADE.

Trade, free, 83, 92.
Tradition, earliest, 101.
Truck Acts, the, 552.
Tudors and Ireland, the, 245 *seqq.*
Turgot, State paper of, 468 *seqq.*; teaching of, 472; forestalls Malthus, 474; Turgot's law of wages, 474, *seqq.*; on monopoly, 534; secret of his fall, 569.
Tytler on the Act of 1449, 266.

U.

UNEARNED Increment, 444.
Unseen, neglect of the, 367, 374.
Unseen sources of employment, etc., 452–503.
Usages, Eastern, 165.
Use, exclusive, 100 *seqq.*; security of, 109; a new enemy to, 109; universal, 111.
Utilitarian modes, the, 185.

V.

VALUE, meaning of, 25; in use and in exchange, 56; how regulated, 59; general theory of, *vide* Rent, B.; ramification of the theory of, 368; a relation between desires and conceptions. 454; whence arising, 525, 550.
Voltaire and Rousseau, 387.
Von Moltke, genius of, 115.

W.

WAGES and brain work, 77; what they are, 427; Turgot's law of, 474 *seqq.* *Vide* below.
Wages Fund theory, the, 421 *seqq.*
A.: Origin, 421; individual case, 421; Ricardo not responsible, 422; Mill's development, 423; later abandonment, 423; Author's analysis, 424; general idea, 425; the word "fund," 425, 435; what wages are, 427; income, 428; Effective Demand, 429; law of interchange, 431; Demand, 431, 441; manual labour, how paid, 432; a "working" man's question, 433; answer, 433; the facts of life, 436; a Kaolin case, 437; Author's sea-weed case, 439; cases compared, 441; reign of Demand, 441; effect on wages, 441; on values as to price, 443; Unearned Increment, 444; Differential Advantages, 444, 447; increments of value, 447, 448; value and "labour," 449; true theory of wages, 450.
B.: Mill's theory amended, 452; "stream" for "fund," 453; the "biggest" wage fund, 455; the *true* fund, 456, 457, 467, 478, 487; a danger, 460, 487; its *one* prop, 463; French economists, 468; in England, 471; how to influence, 491; two cases, 491, 492; two questions, 493; the wage-earner and the truth, 499; true use of the term, 504; and the Land Act of 1881, 523.
Walker, Professor, on land-ploughing in Scotland, 512.
Wallace on suffering, 122.
War, traditional, 109; the art of, 110; as a disperser, 128; justification for, 206.
Watt and the Guild of Hammermen, 469, 473.
Wealth:—Author's analysis of the word, 36; definition, 39, 68; the six heads of 39 *seqq.*, 66 *seqq.*; how and by whom attainable, 54; key conception, 59; remarks on the definition, 61; definition completed, 64; a complex idea, 67; "labour" and, 69; crudest and rudest definition of, 69; Fawcett's, 69; the famous formula, 71; capital = stored wealth, 73; various forms of, 73 *seqq.*; distribution of, 87; basis of, 102; earliest form of, 106; how to trace the origin of, 148; and rights, 157; destruction of, 162 *seqq.*
Wellington and his army, 115.
Worship, 122.

Y.

YOUNG, Arthur, on Ireland, 483.

Z.

ZADRUGAS, the, 508.
Zerubbabel's speech, 168.
Zulus, the, 116.

ZULUS.

LONDON:
PRINTED BY WILLIAM CLOWES AND SONS, LIMITED,
STAMFORD STREET AND CHARING CROSS.

THIS BOOK IS DUE ON THE LAST DATE STAMPED BELOW

AN INITIAL FINE OF 5 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN THIS BOOK ON THE DATE DUE. THE PENALTY WILL INCREASE TO 50 CENTS ON THE FOURTH DAY AND TO $1.00 ON THE SEVENTH DAY OVERDUE.

JAN 11 1938

DEC 30 1952 LU

15 JL'61 EE

REC'D LD

JUL 1 1961

LIBRARY USE ONLY

DEC 05 1988

CIRCULATION DEPT.

RECEIVED

DEC 05 1988

CIRCULATION

D 21-95m-7,'37

U.C. BERKELEY LIBRARIES
C006700199

B9544
HB171
A76
1893
THE UNIVERSITY OF CALIFORNIA LIBRARY